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BOOK REVIEWS

GLOBAL COMMODITY CHAINS AND THE SPATIAL-TEMPORAL DIMENSIONS OF LABOR CONTROL: LESSONS FROM COLOMBIA'S COFFEE AND BANANA INDUSTRIES

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ABSTRACT

In this paper, the author seeks to explain the trajectories of local labor regime dynamics in Colombia's coffee and banana industries from the post war developmental decades until the present. In order to explain these dynamics, the author first develops a neo-Gramscian ideal-typical schema to highlight the full range of labor regime dynamics emergent in Colombia, including "hegemonic," "despotic," and "crisis" regimes. The author then develops a theory of local labor regime types that draws from Giovanni Arrighi's work on commodity chains. Finally, using comparative and world-historical methods, the author finds that the shifting trajectories of labor regimes in Colombia are affected by the nodal location of these regimes within their respective commodity chains

For those of us who pay attention to the state of labor relations in the current era, to overhear someone mention the word "labor" in the same sentence as "Colombia" is enough to make your head turn expecting to hear yet another dismal story about a labor activist falling victim to military or paramilitary violence. In fact, a 2002 International Confederation of Trade Unions report noted that since the 1980s over 3,800 unionists and labor activists have been assassinated (ICFTU 2002). And while the number of trade unionists murdered declined between 2003 and 2007, these killings and the miserably high levels of impunity associated with them, have actually escalated over the past few years. Indeed, a recent 2008 International Trade Union Confederation report found that more trade unionists have been murdered in Colombia since president Álvaro Uribe Vélez took office in 2002 than in the rest of the world combined, making Colombia the "the most dangerous place in the world to be a trade unionist" (USLEAP 2008).

Interestingly, labor relations in Colombia were not always, or predominantly, characterized by this repressive form of labor control. In his seminal work, *Labor in Latin America* (1986), labor historian Charles Bergquist compared the divergent political-economic trajectories of Argentina, Chile, Venezuela and Colombia as each post-colonial society transformed itself into developmental capitalist nation-states by the decades immediately following the Second World War. In contrast to the "socialist" trajectory of Chile, the "right-wing popular nationalist" trajectory of Argentina, and the "liberal-nationalist" trajectory of Venezuela, Bergquist found that postwar Colombia was characterized by the perpetuation of an "archaic" and "particularly exploitative" political-economic system dominated by elites of the same Liberal and

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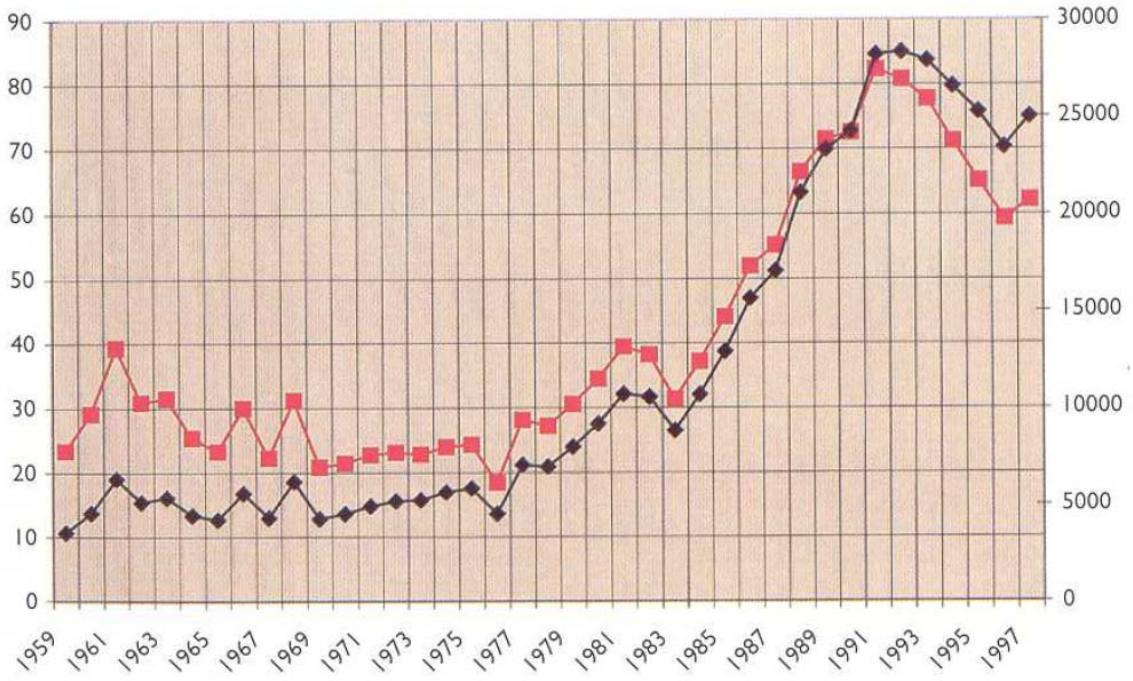
Conservative traditional parties who ruled throughout the 19th century. Most striking about the Colombian case to Bergquist was the active participation of Colombia's working class and subaltern groups in their own subordination to liberal capitalist development. Rather than attribute this form of working class complacency to the repressiveness of the country's elites, Bergquist argues that this resulted from the "lived experiences" of the coffee-producing peasantry themselves, the heart of the nation's export sector and the largest laboring population, who consolidated a form of "working-class cultural values that continue to guarantee the ideological domination of the liberal ruling class, the ongoing political hegemony of the traditional parties, and the enduring obstacles to combative collective organization of the working class" (Bergquist 1986: 375).

Bergquist is correct to point out that Colombia's conservative albeit "hegemonic" developmental model differed from the general trajectories of other Latin American nations, where working class militancy was either forcibly repressed by authoritarian rulers or had given way to socialist experiments during the postwar decades. Yet, if one were to look at forms of labor control from a sub-national, micro-regional perspective within Colombia rather than a comparative-national perspective, one would see a highly uneven distribution of coercion and consent. In fact, at the time that the small-holding coffee producing farmers of Colombia's central "coffee axis" region of Viejo Caldas were incorporated as willing "junior partners" into a hegemonic project led by the sector's mercantile coffee elite, the country's key "banana-axis" region of Urabá was becoming consolidated through a coercive form of labor control with severe (and generally effective) repression of banana workers both on the plantations and in the political arena. The existence of this "coercive side" of Colombian class relations characterizing the banana export sector flies in the face of scholars, Bergquist included, who commonly emphasize Colombia's adherence to regular elections, civilian forms of rule, and liberal-democratic principles during the postwar decades (Martz 1997).

Ironically, around the time of Bergquist's writing of *Labor and Latin America*, the conditions that stabilized both the active consent of the coffee producing peasantry of Viejo Caldas and the repression of the banana workers of Urabá during the postwar decades were rapidly unraveling. By the middle of the 1980s, working class militancy coupled with leftist guerrilla insurgency in the banana region of Urabá had grown to threaten the class position of local political and economic elites; and these elites in turn responded with a wave of brutal state and paramilitary violence in order to regain control of the region. The coffee sector, which had remained impervious to the types of leftist insurgency and working class militancy characterizing other regions in the postwar decades, suddenly succumbed to its own wave of social mobilization, guerrilla warfare, and state and paramilitary violence. In fact, by the middle years of the 1990s, when most Latin American societies were witnessing the disarmament of guerrilla insurgency groups and a renewed emphasis on pacific forms of political participation (O'Donnell et al. 1993; Diamond et al. 1999; Foran et al. 2003), levels of political violence in Colombia escalated to unprecedented heights (as evidenced by Figure 1 below). By the turn of the century, scholars no longer described Colombia as characterized by either consensual or coercive forms of class rule, but instead spoke of "ongoing crisis" and the real possibility of state breakdown. Colombia's reputation had become synonymous with political violence and illegal economic activity, including cocaine exports, kidnapping, and mass killings (Livingstone 2004; Rojas and Meltzer 2005). This escalation in political violence and endemic crisis at the turn of the century has been a key reason for the election (and re-election) of President Uribe, whose "democratic security"

policies have attempted to squash leftist opposition, including labor militancy, through increased military spending while consistently downplaying the military's relations with violent paramilitary groups.

Figure 1. Rates (0-90) and Incidents (0-300,000) of Violence in Colombia, 1959-1997



Source: Published in Cubides et al. 1990.

If the first puzzle driving this essay entails a specific *spatial question*: why such starkly different labor regime types existed within Colombia during the postwar developmental decades, then the second puzzle entails a *temporal question*: why these relatively stable (albeit contrasting) forms of labor regimes in the coffee and banana regions collapsed suddenly in the 1980s and 1990s, leading to a period of worker militancy and elite repression – a crisis of elite control in which neither hegemony nor effective repression prevailed.

In order to solve these puzzles, I draw from an eclectic theoretical toolkit that includes concepts derived from the literatures on global commodity chains, neo-Gramscian theories of labor regimes, and world historical sociology. The paper proceeds in three sections. I begin the first section with a critique of the existing sociological literature on labor regimes for its tendency to generalize from the experiences of contemporary workers in the global north. In doing so, the literature tends to over-emphasize "indirect" market-based mechanism of instilling labor control and de-emphasize "direct" forms of state and para-state repression of worker militancy. Likewise, the literature tends to over-emphasize the stability of capitalist labor regimes and de-emphasize the capacity of workers to subvert capitalist production and propel capital accumulation processes into periods of crisis. In order to rectify these limitations, I develop a neo-Gramscian ideal-typical schema that distinguishes regimes characterized by the effective domination of workers – ranging

from consensual domination ("hegemony") to coercive domination ("despotism") - from regimes in which capitalist elites no longer control the laboring population in the region ("crises of control"). These ideal-types allow us to see that the trajectory of the coffee region is best characterized as a shift from a hegemonic labor control regime in the postwar decades to a crisis of control by the 1990s. Likewise, labor regime dynamics in the banana region shifted from despotism in the postwar decades to a crisis of control in the 1980s, only to return to a despotic regime by the 1990s.

I argue that theoretical concepts developed in the literature on commodity chains, especially Arrighi and his collaborators' work relating core-periphery location to the uneven geography of wealth under historical capitalism, are particularly well suited to help us explain the divergent labor regime dynamics in Colombia. Arrighi argues that core-periphery nodal locations along any given chain are best characterized by the capacity of their firms to externalize market competition onto other chain actors and therefore accumulate monopoly profits. I hypothesize that this core-periphery dynamic will have a determining impact on the labor regimes constituting that nodal location due to the capacity of local elites to use the wealth they capture along the chain to reinvest in both *profitability concerns* (further capital accumulation) and *legitimacy concerns* (redistributionary measures that bolster their legitimacy vis-à-vis the local working class). In this sense, elites in core locations may utilize their profits to establish a hegemonic regime that incorporates local workers as "junior partners" without threatening their profitability. In contrast, peripheral elites are squeezed tightly between profitability and legitimacy concerns, forcing them to externalize the costs of market competition onto their respective workers by cutting redistributionary efforts. This "peripheral squeeze" explains the structural context in which state and/or private forms of elite violence becomes more likely.

In the second section of the paper, I use this Arrighian commodity chains framework to explain the existence of stable, albeit contrasting, labor regimes constituting Colombia's coffee and banana industries in the postwar decades (the spatial puzzle). I find that these regimes were indeed affected by their nodal location along each respective commodity chain. Hegemony in the coffee region was premised upon the capacity of the region's mercantile elites to capture core-like profits that were reinvested in the well-being of the smallholding coffee farmer population through various redistributionary measures. In contrast, the despotic labor regime characterizing Colombia's banana region resulted from an inability and/or unwillingness of the local planter elite to reinvest in similar redistributionary measures. As a result, Urabá's elites came to rely upon repressive measures of the state to curtail worker militancy. Moreover, I found that these core-periphery locations along each commodity chain were not over-determined or fixed over time. Rather, these positions (and the implications they have on local labor regime types) depended in important ways on the agency of Colombia's coffee and banana elites, who engaged in collective action strategies in an effort to "upgrade" from peripheral to core locations and therefore increase the levels of wealth captured. The hegemonic regime characterizing the coffee region resulted from successful restructuring of the global coffee market (via the International Coffee Agreement, 1961-1989), which shifted the position of Colombia's coffee sector from a peripheral to a core-like location along the chain. That is, the collective action efforts of Colombia's coffee capitalists were successful in taking advantage of the world historical opportunities to "move up" the coffee chain to accrue core-like profits that were reinvested in a local hegemonic labor regime. Colombia's banana capitalists also attempted to restructure the world banana market during the postwar decades during the same world historical period. Yet,

rather than move up the banana chain or fundamentally restructure profits along the chain as had occurred in the world coffee market, Colombia's banana capitalists were only able to "move into" a peripheral location along the global banana chain. Facing a competitive world market, Colombia's banana capitalists came to rely heavily upon state coercion to repress banana worker demands for a local redistribution of the wealth accumulated.

I address the temporal puzzle in the third part of this paper. Here I show that that shift from consent to crisis in the coffee industry was caused by the "downgrading" of Colombia's capitalists to a peripheral node (following the abrogation of the International Coffee Agreement) that created a crisis of control for local elites. In contrast, the shift to a crisis of control scenario in the banana region in the 1980s was not due to a shift in the location of the node along the chain, which remained peripheral. Rather, it arose following a democratization of the national political regime, which forced the region's elites to redistribute profits to workers and opened up spaces for greater worker control over the region's political economy. Threatened by greater work control and unable to ameliorate the situation through redistributionary efforts, the region's elites responded with a wave of paramilitarism that effectively repressed worker militancy and restored profitability to the sector.

RETHINKING LABOR REGIMES AND COMMODITY CHAINS

Distinguishing Labor Regime Types: Consent, Coercion and Crisis

It is widely understood by labor scholars that the nature of production under historical capitalism creates a contradictory structural relationship between working classes whose labor power is used to reproduce their subsistence as well as to produce surplus value in the form of capitalist profits and capitalists whose livelihood is premised upon the capacity to extract surplus labor power from workers. This system of production rests upon the existence of a "free labor market," wherein capitalists own the means of production but do not "own" the workers themselves, who sell their labor power to capitalists for a wage. To the degree to which workers can make a livelihood elsewhere, capitalists must finds means to assure worker participation in the labor process. Labor control, or the need for capital to oversee and direct the conditions under which labor power is reproduced and integrated into the labor process, is therefore a fundamental tension characterizing capitalist relations of production (Marx 1976 [1867]; Burawoy 1983 and 1985; Jonas 1995: 325).

In his analysis of the rise of the British working class, Karl Marx himself found that labor control emerged through the dispossession of the rural peasantry from the land (the so-called "original" or "primitive accumulation" process), which forced workers to seek a livelihood in a free labor market as wage workers. Later scholars, however, have pointed out that this mode of labor control via the creation of a labor market and the dispossession of the rural population is not the only or even the most common form of labor control to emerge under historical capitalism. One of the earliest theorists of labor regime variants was Antonio Gramsci (1971 [1926]), who argued that the working classes of the "economically advanced" states of Western Europe and the United States spontaneously and actively participated in capitalist forms of production ("hegemony") while those in the "economically backwards" states of Eastern Europe and Russia only submitted to capitalist forms of production through the use of direct state coercion. To be

sure, Gramsci believed that capitalism as a social system is ultimately premised upon the capacity to use direct forms of coercion to propel workers into the capitalist labor process, and that both consent and elite coercion coexisted and were intertwined for any given working class at any given moment. Yet, the need for capitalists to utilize the coercive apparatus of states varied across national societies.

This neo-Gramscian distinction between coercive and consensual forms of labor control has indeed been taken up in the sociological literature. Yet, the general focus of the literature has been on the various mechanisms by which worker *consent* is achieved, be it through the technification of the labor process under advanced capitalism (Braverman 1974), the bureaucratization of management practices (Edwards 1979), changes in the labor process to global subcontracting and "just-in-time" labor arrangements (Jenkins and Leicht 1997), the globalization of labor and capital markets (Burawoy 1983; Bronfrenbrenner et al. 1998; Mazur 2000; see Silver 2003), the weakening of state sovereignty through capital mobility (Tilly 1995), the consolidation of international migratory labor networks (see Zolberg 1999: 83), and particularly of the feminization of these networks going from the global south to the global north (Sassen 1998; Ehrenreich and Hochschild 2002). With few exceptions the contemporary literature tends to underemphasize or avoid altogether an analysis of the direct use of state and/or private forms of violence to assure worker participation in capitalist labor processes.[1] To be sure, the use of direct forms of state and/or private militia violence against workers has indeed dwindled throughout the latter half of the 20th century in much of the global north, where the bulk of the historical case studies rest. Yet, this emphasis on worker consent to capitalist control contrasts sharply with the literature on contemporary political-economic transformations occurring in parts of the global south, where neoliberal state policies aimed at global economic integration have become possible through the active use of state violence, political crisis, and the direct use of military and police forces to quell the opposition (Harvey 2003; Arrighi 2007; Klein 2007).

Broadening the empirical map to examine labor regimes in peripheral regions of the world economy thus carries with it the need to broaden the conceptual map to include theories of labor regimes that vary between consensual mechanisms (changes in labor market dynamics, labor processes, state labor regulations) and coercive mechanisms (military, police, paramilitary, and private militia violence) used by capital to control labor. This being said, to simply retain the neo-Gramscian distinction between coercive and consensual labor regimes does not go far enough in capturing the full range of labor regime dynamics experienced by workers under world historical capitalism because it privileges situations under which capitalists effectively dominate workers. The example of Colombia's banana region in the 1980s and coffee region in the 1990s, however, shows us that capitalist labor regimes are highly contingent upon the capacity to contain worker militancy. Indeed, worker agency can propel crises of capitalist control over the labor process, or even propel the establishment and consolidation of alternative forms of production that exist outside of the influence of capitalists altogether. In order to capture such scenarios, I widen the neo-Gramscian conceptual framework to include three ideal-types of labor regimes, depicted in the following table:

[1] See Wallerstein 1974; Seidman 1994; Lee 2007; Chomsky 2008.

Figure 2: Neo-Gramscian Ideal-Typical Labor Regime Dynamics

		Use of State and/or Private Violence against Producer	
		NO	**YES**
Effective Elite Control over Labor Process	**YES**	**(1)** **"Hegemony"** **(Consensual Domination)**	**(2)** **"Despotism"** **(Coercive Domination)**
	NO	**(3)** **"Crisis of Control"**	

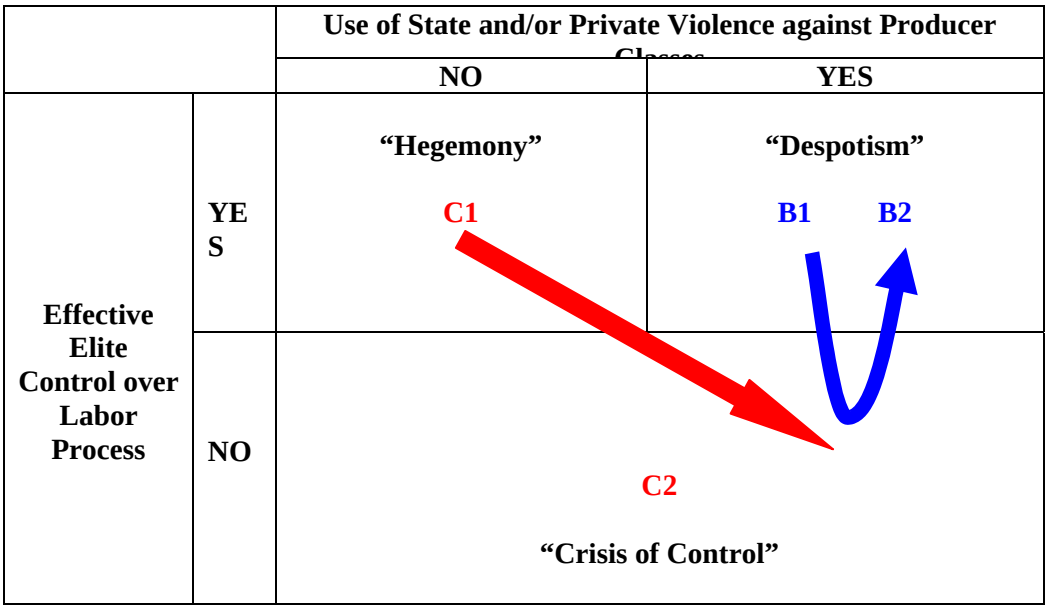
The ideal-type displayed in box (1) describes a labor regime in which capitalists maintain control over the labor process (effectively manage the extraction of surplus labor from producers) without relying upon direct instances of state and/or private armed forces to assure worker participation. I call this ideal-type of labor regime, "hegemony."[2] The labor regime displayed in box (2) is the ideal-typical opposite. It describes a situation in which direct instances of state and/or private armed forces are used by capitalists to assure worker participation in the labor process. I call this ideal-type of labor regime, "despotism" (or simply, "coercive domination").[3] Box (3) differs from boxes (1) and (2) in that it indicates a situation in which capitalist classes have lost their capacity to effectively control their working classes, who neither consent to nor are forced to submit to the labor process whether or not force is applied. I will call this ideal-type, a

[2] The precise definition of Gramsci's definition of "hegemony," as well as how to operationalize that definition in specific research designs, is debated in the scholarly literature. The concept has become fashionable with "cultural studies" scholars who liken the concept to the cultural processes and symbolic meaning systems that create a "false consciousness" in subaltern groups and classes (see Joseph and Nugent 1994). In contrast to this conception, which explores hegemony and hegemonic projects as a strictly ideological apparatus, I understand it in a "historical materialist" wherein hegemony is established by a social grouping through its capacity to channel the activities and interests of subaltern groups, leading the system of groups and classes in a direction that inflates (rather than deflates) the power of the hegemon. For a detailed discussion of this understanding of hegemony, see Arrighi and Silver (1999).

[3] I use this term "despotism" in a way similar to the concept of "domination without hegemony" used by Guha (1995).

"crisis of control." Using this ideal-typical conceptual framework, we see that the trajectories of the two regional cases (the "dependent variable") can be mapped as follows:

Figure 3: Trajectories of Labor Regimes in Colombia's Coffee and Banana Regions



B = Banana Region of Urabá	**1** = Postwar Developmentalist Period
C = Coffee Region of Viejo Caldas	**2** = Contemporary Neoliberal Period

Towards a Spatial-Temporal Theory of Labor Regimes and Commodity Chains

As we saw from the previous section, the literature on labor regimes' tendency to focus on how hegemonic regimes are established and maintained over time leaves us ill-equipped to explain the broad spatial-temporal variation in labor regime dynamics characterizing Colombia's political economy, which include situations of hegemony, despotism and crisis. Moreover, the fact that spatial variation continues into the present (the coffee regime shifts to a 'crisis of control' while the banana regime returns to 'despotism') poses a particular challenge to those scholars who argue that the contemporary era of globalization is characterized by a general "race to the bottom" in wages and work conditions that eliminates any variation in the nationally-constituted labor regimes of the past as workers across global space compete in one global labor market (Tilly 1995; Bronfrenbrenner et al. 1998; Mazur 2000; Ross 2004; Chomsky 2008; see Silver 2003).

In order to explain Colombia's shifting labor regime trajectories, we therefore need to draw from a theoretical model that views the spatial-temporal *unevenness* of labor regime dynamics as a central constitute force of historical capitalism. Perhaps the most systemic

discussion of the unevenness of labor regimes across the world capitalist system was articulated by Immanuel Wallerstein. In *The Modern World-System, vol. 1* (1974) Wallerstein argues that the emergence of the capitalist division of labor in 16th century Europe gave rise to three regionally-distinct "modes of organizing labor" so as to assure capital accumulation at the world-systemic level. In "core" centers of capital accumulation of the world-economy - including "Western Europe and the Mediterranean Christian world" – the predominant form of labor control came indirectly (via market mechanism) due to the predominance of "free labor." That is, in the interests and activities of workers fell in line with the interests of capitalists due to the workers need to make a living by selling their labor power in the "free" labor market. In contrast, the predominant form of labor control in "peripheral regions" – including Eastern Europe and Hispanic America – was "forced labor" (slavery and coerced cash-crop labor). Here, workers were directly forced (via juridical/state coercion) to apply their labor power to capital accumulation. Finally, Wallerstein argues that "semi-peripheral regions" – including "former core areas turning in the direction of peripheral structures" – the predominant form of labor control was sharecropping and other "in-between" forms characterized by some mixture of market and state mechanisms of coercion (Wallerstein 1974: chapter 2).

We see elements of Wallerstein's argument that "modes of organizing labor" are spatially-patterned across the global division of labor in the work of Charles Bergquist himself. Bergquist argues that the structure of production in the coffee region, defined by smallholding farmers using family forms of labor, is the central factor buttressing the active consent generated by the coffee smallholders to the capitalist class of merchants-financiers-exporters who exploited the farmers through their monopolization of the market rather than through control over production itself. Though Bergquist did not focus his attention on forms of labor control in Colombia's banana axis in *Labor in Latin America*, in his later work on Colombia's protracted conflict he reiterates his argument that the hegemony of elites and "the historical weakness of the left" are to be found in the lived experience of the majority of Colombians and of the small coffee producers in specific. He writes,

> If the Colombian economy had come to depend on bananas or oil exports, the twentieth-century history of the nation, and the fate of leftist third parties in particular, might have been different… But it was coffee, much of it produced by small owner-operators that became the axis of the modern Colombian economy (Bergquist 2001: 204).

This is a stimulating argument, and Wallerstein himself might therefore agree that Colombia would rightfully be categorized as a "semi-peripheral state" precisely because it contains both core-like modes of production (such as that characterizing coffee sector) as well as peripheral-like modes of production (such as that characterizing the banana sector). Yet, such a line of reasoning only creates new descriptive words rather than offer a plausible explanation for the divergent patterns themselves. One might ask, why did the structure of production remain smallholder based in the coffee economy and not in the banana economy?

Perhaps the most provocative and compelling critical reformulation of Wallerstein's thesis came from fellow world-systems scholar, Giovanni Arrighi. In contrast to Wallerstein, Arrighi argued that the key distinction between core, semi-peripheral, and peripheral positions within the modern world capitalist system was not their specific modes of organizing labor, but

the *rate of accumulation* accruing to capitalists and states that are unevenly located across the system. Core, semi-peripheral and peripheral categories explain positions within the world's hierarchy of wealth rather than any specific type of productive activities. Drawing from Marxian and Schumpeterian ideas, he writes:

> Capitalism is an evolutionary system in which the stability of the whole is premised on the perennial change in and of the parts. Core-periphery relations are no exception. The kinds of inputs, outputs, and techniques of production and distribution and the positions in networks of trade and resource allocation that endow states with differential capabilities to appropriate the benefits of the world division of labor are assumed to change continually as a consequence of the introduction and diffusion of political, economic, and social innovations… In this kind of conceptualization, what is a core and what is a peripheral mix of activities vary continually over the time and space of the world-economy… Core-periphery relations are determined not by particular mixes of activities, but by the systemic outcome of the perennial gale of creative and not-so-creative destruction engendered by the struggle over the benefits of the world division of labor. The central claim of world-systems analysis concerning the benefits of the world division of labor is determined primarily by its position, not in networks of exchanges, but in a hierarchy of wealth. The further up the hierarchy of wealth a state is, the better positioned its rulers and subjects are in the struggle for benefits. Their opportunities to initiate and control processes of innovation or to protect themselves from the negative effects of the processes of innovation initiated and controlled by others are distinctly better than the opportunities of the rulers and subjects positioned further down in the hierarchy of wealth (Arrighi 1990: 15).

Arrighi thus posited a map of the world capitalist system premised upon differing capacities of core and peripheral actors to attain wealth and exclude others from access to it. This argument is posited clearly in an article Arrighi co-authored with Jessica Drangel, where they applied this Schumpeterian logic of creative-destruction to the study of commodity chain dynamics. They agree with Hopkins and Wallerstein's (1986: 159) definition of a commodity chain as a "network of production processes whose end result is a finished product." Likewise, they believe that commodity chain locations, or "nodal points," are like boxes that contain "core-like" and "periphery-like activities," with semi-peripheral locations containing a "more or less equal mix of core-peripheral activities." Yet, they argue that these activities cannot be likened to any specific type of labor process, commodity produced, or class structure. Rather, the inequality of wealth along any given commodity chain is determined by the differing capacities of the actors located in each node (including firms and states) to externalize market competition onto the rest (Arrighi and Drangel 1986: 11-12, 16-17).

Under this schema, we see that *the commodity chain itself becomes the specific site of contention* between core and peripheral actors, who struggle over how to avoid market competition ("crowding") and reap "core-like profits." The "weapon of competition," they argue, is therefore "the ability to shift continuously the pressure of competition from one's organizational domain onto activities that fall outside that domain." Moreover, at any given

moment in time, the wealth generated along each commodity chain is finite and that the struggle over access to this wealth is a "zero-sum game." By definition, commodity chains under historical capitalism are thus constituted by a structural contradiction wherein moving up from lower to higher nodes along a chain ("upgrading") must entail the movement down a chain ("downgrading"), without a simultaneous expansion (or contraction) of the system as a whole (Arrighi and Drangel 1986: 18-23, 27-28).

Arrighi uses his own theories to examine the world historical transformations in this systemic expansion and contraction, or the systemic cycles of accumulation that characterize world systemic hegemonies. And to be clear, Arrighi himself argues that core-periphery locations along a commodity chain do not pre-determine the types of labor processes, commodities produced, or systems of production and exchange that will exist in core or peripheral locations (Arrighi and Piselli 1987; Arrighi 1990 and 1994). Yet, there are strong implications that such world-systemic conditions would have an impact on labor regime types at the local level. For instance, in his work on the rise and fall of global hegemonies, Arrighi does indeed argue that global hegemony is established through the capacity for the hegemon to lead the system of states and firms in a way that turns competition in the world market in a direction that expands the material wealth of the system as a whole. In contrast, hegemonic decline occurs when the institutional and structural arrangements buttressing the material expansion of the system turns give way to a form of competition that undermines the power of the hegemon. Moreover, we find a similar world-systemic logic in the work of Silver and Slater (1999), who explicitly argue that there is a direct causal relationship between variations in consensual-coercive forms of class rule across time and phases of world hegemony, with periods of hegemony being characterized by a tendency towards the prevalence of consent and periods of hegemonic crisis and breakdown characterized by a greater prevalence of coercion.

Implicit then in Arrighi's theoretical model is a spatial theory of forms of labor control. That is, drawing from Arrighi's theory of the structural nature of global commodity chains we can formulate a set of hypotheses relating variation local labor regime types to core-periphery locations along the commodity chains that constitute the modern world-system. Hegemonic labor regimes will tend to exist in commodity chain locations characterized by "core-like activities" because the capitalists of that node accumulate enough capital to invest in both further capital accumulation processes as well as in the establishment of a hegemonic pact vis-à-vis the laboring population. Likewise, despotic labor regimes will tend to exist in commodity chain locations characterized by "periphery-like activities" because the capitalists of that node are faced with intense market competition and therefore do not accumulate enough wealth to invest in both a hegemonic project as well as further capital accumulation processes. But can this proposition help explain the divergent forms of labor control in the coffee and banana nodes of Colombia?

THE SPATIAL PUZZLE: DIVERGENT LABOR REGIMES OVER SPACE

Explaining Hegemony in the Coffee Region

Though coffee production for export in Colombia dates back to at least the 1820s, it did not become a primary export commodity until the 20th century. And even then, one cannot speak of anything close to a hegemonic labor regime constituting the coffee sector until at least the late

1930s and early 1940s, following a wave of coffee producer militancy that led to the transformation of the structure of the sector from one based predominantly upon semi-proletarianized and proletarianized labor systems to one based predominantly upon a smallholding farmer structure of production. According to Bergquist (1986), it was this structure of production and the "lived experiences" of the coffee smallholding farmers who constituted this mode of production that laid the structural backdrop for the rise and persistence of a hegemonic labor regime over the course of the subsequent decades. Yet, contrary to Bergquist, we shall see that this smallholding structure of production depended in important ways on the agency of the sector's mercantile elites (and backed by the central government) to invest in its expansion and persistence. Moreover, the success of these elites in stabilizing the local coffee sector by investing in a hegemonic form of labor control was premised upon their success in taking advantage of the world historical moment to "upgrade" from a peripheral to a core nodal location along the global coffee chain.

Though the wave of militancy of the 1920s and 1930s forced the sector's largest landowners to abandon and/or sell off their coffee lands to the mass of former tenant farmers, workers, and marginalized coffee farmers who had been victorious in their struggles for that land, the sector itself was left with a number of major economic, technical and social problems that could not be solved solely by the smallholders themselves. These problems included the sector's long-term declining terms of trade in the international market as well as the growing influence of usurious merchants over local transportation routes and market activity, the latter of which contributed to unstable flows of beans from smallholders to international markets, a deterioration in the quality of beans exported, and the frequent indebtedness and financial vulnerability of smallholders. It was the formation of the National Federation of Coffee Growers of Colombia (Fedecafé), a private association of coffee financiers, marketers, and exporters who were granted with a public mandate by the Colombian government to regulate and organize the sector, that we see the consolidation of a consensual form of labor control in the coffee axis region. Fedecafé immediately set out to rectify these problems associated with the sector. Two sets of issues were addressed: technical-economic and social-political. In terms of technical-economic problems, the first thing Fedecafé did was establish their monopoly over the purchase of locally-grown coffee. They began directly purchasing from coffee smallholders who, due to the sparse nature of smallholds, had been susceptible to usurious merchants who purchased smallholder beans for very little and sold them to exporting firms for very much. Fedecafé built storage houses (*trilladoras*) spread diffusely throughout the coffee axis region so that smallholders could sell their beans directly to Fedecafé itself. Not only did this eliminate the transport costs and usurious middlemen, they implemented "guaranteed purchase" policy so long as the beans brought to their trilladoras met certain quality standards. The result was not only stable and cheaper coffee bean supplies, but the incentive structure for the smallholders themselves to oversee the quality of the coffee beans they cultivated (London 1995: 5-6).

Though smallholders were granted a guaranteed purchase, this did not by itself offer them the incentive to produce more coffee and less staple foods on their smallholds. Central to the establishment of Fedecafé's hegemonic control over the region came through the establishment of the National Coffee Fund (FNC) in 1940. The FNC was the mechanism by which Fedecafé collected taxes upon all coffee beans exported and utilized those revenues to reinvest these surpluses in Fedecafé institutions and policies. Thus, FNC revenues translated into a "price floor" policy so that coffee smallholders did not only have a guaranteed market for the beans they

cultivated. They were also guaranteed a price that buffered against a direct impact of global fluctuations on local markets by subsidizing farmers during economic busts. This assured smallholders a certain degree of confidence in converting the bulk of their smallholds into coffee fields without worrying about making up for busts in coffee prices by increasing yields, as they had done beforehand. In other words, it helped regulate against periodic crises of overproduction that had previously characterized the coffee market.

While the creation of trilladoras, guaranteed purchases, price floors, and the FNC itself were effective in correcting some of the technical and economic issues previously facing the sector, in effect they allowed Fedecafé's administrators to simply consolidate their control over the lowest rungs of the global coffee market. Their interventions in the market were financed by a boom of the global coffee market during and immediately following World War II. And, though the market did indeed fluctuate, the general trend during this period was towards higher coffee prices (as seen in Figure 7 in Appendix). Thus more money poured into the FNC, and the FNC was able to use these funds to not only maintain the smallholder form of production. During this period they were able to establish a scientific institute (Cenicafe) to develop new production techniques, increase production yields, and (later on) develop anti-fungus solutions to coffee pests and fungi., as well as finance the establishment of the *Banco Cafetero* (to provide loans to smallholders) and finance local infrastructural developments (including roads, bridges, schools, hospitals).

Fedecafé was able finance these investments, and therefore stabilize the smallholder structure of production, by taking advantage of the temporary dislocation of Brazil's coffee export sector during the 1930s, allowing them a greater share of the world coffee market precisely during the peak boom in international coffee prices during the World War. Yet, the stability of this labor regime arrangement at the local level was premised upon the boom. And, Fedecafé was acutely aware of their market vulnerability, as well as the fact that the historical memory of the agrarian struggles remained fresh in the minds of the smallholders. Any long-term drop in coffee prices or increase in competitive market pressures could not be pushed downwards onto the backs of the smallholders without fundamentally dismantling their regulatory interventions or triggering a worker backlash. In other words, their capacity to accumulate core-like profits was indeed a temporary one. The structural reality was that they remained in a peripheral node along the coffee commodity chain, that the coffee market itself was prone violent price fluctuations due to periodic "crises of overproduction" that made local forms of regulatory market control difficult to maintain, and that the greatest profits along the chain accrued to the coffee roasters, marketers and distributors located in consumer countries rather to producers such as themselves (Bates 1997; Talbot 2004).

The "solution" to this problem of maintaining the stable reproduction of the smallholder structure of production while simultaneously maintaining (and expanding) their profitability was achieved through Fedecafé's ability to exploit the geopolitical climate of the times, and the hegemonic aspiration of the United States in particular, by advocating political alliance building across coffee exporter countries in order to restructure the world market to their favor. That is, following the Great Depression and into the years of Second World War, Latin America was undergoing a general wave of labor militancy and economic nationalism with strong anti-imperialist sentiments that was threatening to undermine the hegemony that the United States had established over the hemisphere dating back to the writing of the "Monroe Doctrine." The region's political and economic elites began to openly critique the viability of the so-called "self-

regulating markets" that had been the dominant economic ideology prior to the Depression. And, they were acutely aware of the structural limitations bearing on their potential for national economic growth given their position with the international division of labor as exporters of primary producers and tropical agricultural commodities (Cardoso and Faletto 1979; McMichael 2000).

It was in this geopolitical context that Fedecafé began lobbying the Colombian government to establish political alliances with other coffee exporting countries in Latin America with the overall goal of establishing a "cartel" to force economic concessions from the United States. As John Talbot notes, the first attempt at this type of "collective action strategy" by Latin American coffee exporters came during the War itself, when the U.S. proposed an "Inter-American Coffee Agreement" that set import quotas on coffee coming into the U.S. market that guaranteed exporters both a large market share as well as favorable coffee prices for their exports. In fact, it was this first agreement that formed the institutional basis for Fedecafé's capacity to reap core-like profits in the first place. Yet, when the war ended so did the IAC Agreement; and the U.S. responded immediately by advocating trade liberalization policies through the "General Agreement on Tariffs and Trade" rounds in 1947. By this time, however, a second movement to fundamentally restructure the global coffee market was well underway. In 1959-1960, the first International Coffee Agreement (ICA), including 94% of the world's coffee exporters, was signed wherein exporters themselves established quotas on shares of the global market, and prices were determined by the bloc of exporters themselves (who would collectively withhold coffee from the market in order to drive prices up). However, even this first ICA failed to function primarily because it lacked an effective vehicle to enforce adherence to the quotas and regulate the pricing of the overall system (Krasner 1973; Bates 1997: 90-92; Talbot 2004: 49, 58).

The tide turned in favor of the ICA producers as U.S. foreign policy towards Latin American changed in the aftermath of the Cuban Revolution. Through the "Alliance for Progress" initiatives, the Kennedy Administration began to favor the promotion of "economic stability" (though economic and military aid and trade policy initiatives) rather than the promotion of liberal policies. The ICA countries immediately offered to extend the agreement to the U.S., wherein the U.S. would accept the quotas and pricing of the ICA countries and enforce the overall pricing system, and a new agreement was signed in 1962. New agreements were re-ratified periodically thereafter, lasting until 1989. While some debate exists over the actual distribution of power among ICA producer and consumer countries, the general result of its establishment was the institutionalization of stable and highly profitable market niches for key exporting countries, including Brazil and Colombia, who collectively garnered almost 50% of the world market by the end of the decade (Stewart 1992: 245; Bates 1997: 120-121; Robledo 1998; Talbot 2004: 40).

The creation of the ICA had favorable, long-lasting implications for the future profitability of Colombia's coffee sector and for the stable reproduction of the hegemonic labor regime at the local level. Foremost among indicators of local level hegemony is the degree to which coffee farmers identified with the elite-led Liberal and Conservative political parties that had dominated Colombia's political system since the 19th century. It is widely pointed out that this adherence to party loyalties rather than class-based identities was a driving factor behind the outbreak of *La Violencia* (1947-1957), a period of brutal partisan warfare that led to the killing of some 180-300,000 civilians by its end. Moreover, as many regional studies of *La Violencia* have shown, the warfare remained politically-sectarian in nature in coffee producing regions alone.

Elsewhere, the warfare tended to transform over time into local-level class conflicts (Bergquist 1986: 276, 368; Ortiz Sarmiento 1992: 126-127; Roldán 2002; Livingstone 2004).

A second indication of the degree to which coffee producers identified with the interests of Fedecafé is evidenced by their ardent support of the formation of the "National Front" regime in 1957 (which brought *La Violencia* to an end), a power-sharing agreement between the Liberal and Conservative parties which formerly excluded third parties from office and appointed local-level political position directly by party leaders rather than allow popular municipal and governmental elections. Fedecafé and the coffee electorate itself were powerful advocates of this regime. Interestingly, when the exclusionary nature of the National Front regime itself sparked a number of agrarian revolts in the early 1970s and later guerrilla groups by the late 1970s and 1980s, such agrarian movements and guerrilla groups could never gain much traction in the coffee axis region of Viejo Caldas, which remained a clientelistic stronghold of the traditional Liberal and Conservative parties (Gilhodes, 1972; Ocquist, 1978: 16-19; Zamosc, 1986: 140; Ortiz, 1999: 36).

Finally, we see that Fedecafé was able to assert its hegemony even beyond the material interests of the coffee producers themselves. That is, we see that Fedecafé (through Cenicafe) were able to convince coffee farmers to wholeheartedly adopt scientific techniques and methods of production that required costly fertilizers, new varieties of trees, and steady access to credit to finance such investments. This transformation towards "industrial" coffee farming techniques increased the productivity of the sector and the volume of exports going to international markets, which had direct bearings on Fedecafé's profitability. Yet, the technification of coffee farmlands meant that the livelihood of the smallholders themselves was becoming increasingly monetized, thus undermining their self-sufficiency and making them evermore dependent upon Fedecafé institutions for their sustenance, which, as we shall see, would have grave political implications in the absence of Fedecafé oversight of the sector (London 1999).

Explaining Despotism in the Banana Region

The formation of Colombia's banana sector in Urabá cannot be understood outside the historical context of contentious relations associated with the global banana industry. Since the turn of the 20th century, the predominant market for Latin American bananas was the United States and the primary recipient of banana profits was the United Fruit Company (UFC). In fact, the UFC's monopoly rested upon its vertical integration of the global banana industry, which stretched from its ownership of banana plantations, its control over local and international trade routes, and its dominance over the marketing and distribution channels in consumer countries. Yet, the UFC's landholdings and business practices became particularly controversial throughout Latin America during the wave of militant nationalism and anti-imperialism from the years of the Great Depression to the Second World War. In Colombia, the UFC had established its own plantations in the Santa Marta region, a few hundred miles north of Urabá along the Atlantic Coast. Throughout the late 1920s, banana workers on the UFC's plantations organized a number of powerful strikes that ultimately led to a massacre of banana workers in 1928 by the Conservative-backed government. This massacre, famously depicted in Gabriel Garcia Marquez' novel *One Hundred Years of Solitude*, helped delegitimize the Conservative regime, eventually leading to the election of the Liberal Party in 1930, whose unwillingness to use force against banana worker

militancy was a primary reason behind the pull-out of the UFC from the region by 1934-35 (LeGrand 2003: 204; Bucheli 2005: chapter 5).

The labor militancy and violent repression that occurred in Santa Marta was, in fact, typical of a more general trend affecting the United Fruit Company's plantations throughout Latin America. And by the 1950s, animosity against the UFC posed a threat to US hemispheric hegemony. As we saw from the previous section, when faced with growing frustrations by coffee exporters at the time, the US was willing to sacrifice the profitability of its coffee importer and roaster corporations in order to assure its larger geopolitical legitimacy by agreeing to sign onto the International Coffee Agreements. A similar dynamic occurred in the banana sector. Rather than rely upon direct US military actions to suppress worker militancy and unfavorable terms of trade, the UFC shifted its organizational structure away from a vertically-integrated system where they monopolized transport, administered the plantations, and owned the banana-producing lands and towards the implementation of a new policy of "vertical-disintegration" where they sold off their land holdings and "externalized" the costs and risks of administering the plantations onto local plantation owners. As Marcelo Bucheli (2005) points out, this strategy of vertical integration was not driven by immediate economic concerns. Rather, it was a less-profitable organizational arrangement than the vertically-integrated system before it, but it was an arrangement that was calculated based upon long-term geopolitical as well as economic concerns. In other words, both the coffee and banana commodity chains were dramatically reconfigured in the aftermath of the Second World War in order to assure US hegemony at large. The key difference between the two transformations, however, was that the UFC's vertical disintegration strategy led to the movement of local Latin American banana capitalists *into* the banana commodity chain by becoming owners of banana plantations (the lowest nodes along the chain). In contrast, the formation of the International Coffee Agreement's coffee quota system led to the movement of coffee exporters up the commodity chain, from peripheral to core-like nodes.

In Colombia, the United Fruit Company's organizational transformation had a direct bearing on the establishment of a new banana-export enclave in the Urabá region in the early 1960s. In fact, the National Front regime inherited the developmentalist aspirations lingering from the prior period of economic nationalism, and saw the opportunity to move into the banana sector as planter-exporters chance to stimulate its export-promotion and diversification development strategy. As such, the Colombian state itself helped local elites to finance the purchase of large tracts of Urabá's land as well as transport routes and other investments needed to establish banana plantations in the region. These initiatives were successful in creating a banana export sector that was competitive in the global market as well as in consolidating a class of local elites who came to dominate local economic and political policy. Moreover, Urabá's nascent banana planters quickly established their own planter organization (akin to Fedecafé) to lobby the central government and to create an institutional forum to formulate and debate their class interests. This organization came to be known as the Association of Cattle Ranchers and Banana Producers of Urabá (or, *Augura*), which encapsulated the political and economic interests of both banana plantation owners as well as the class of cattle ranchers who monopolized landholdings in the regions immediately surrounding the plantations (Botero Herrera 1990: 100-101; Bucheli 2003: 174).

Labor relations on the plantations, however, were contentious from the beginning. First, wage workers were drawn from nearby rural frontier regions, where they were being evicted from lands by large-scale cattle ranchers and landed elites, those same individuals who actively

participated in formulating Augura's policy initiatives. Moreover, the actual wages and working conditions were dire.[4] Second, since the Liberal and Conservative parties monopolized the political system (thereby excluding third parties that advocated class-based policies that would represent the interests of banana workers), the primary channel to express worker interests came through attempts to form worker unions. Third, it is well-documents in the literature that these early attempts to establish worker unions in Urabá were systematically subject to military and other forms of elite repression in the 1960s and 1970s. Sintrabanano (a group affiliated with the nascent labor federation of the Colombian Communist Party, PCC), Sintagro (a group originating from the Conservative Party-affiliated Union of Colombian Workers, UTC) and later adopting Maoist-leanings, and Sintraexpoban (also affiliated with the UTC) all attempted to establish unions on Urabá's banana plantations only to be subject to direct military violence and military occupations of banana plantations. The only union to survive the period was Sindejornaleros (a group affiliated with the Revolutionary and Independent Workers Party, MOIR), though it remained marginal in its efforts to unionize plantations. In fact, it was noted that an estimated 46% of Urabá's plantations did indeed have formal labor agreements established by the end of the 1970s. Yet, only 77% of those agreements were imposed by employers on unfavorable terms to workers. A mere 11% of all labor agreements were actually negotiated between workers and employers (Botero Herrera 1990: 156-58; Carroll 2000: 152-153). Given this exclusive and repressive political context, and the direct repression of worker militancy on the plantations, it is no wonder that the Revolutionary Armed Forces of Colombia (FARC) and Popular Liberation Army (EPL) guerrilla groups found backing from the region's banana workers.

Though effective in containing labor militancy, this despotic labor regime established in Urabá was not necessarily ideal from their perspective either. In fact, one year after the success of OPEC in raising oil rents, and witnessing the success of the ICA system for the coffee sector, Augura along with other key Latin American banana planter-exporters (including Costa Rica, Guatemala, Honduras and Panama) began their own "collective action" strategy with the goal of fundamentally restructuring the distribution of profits in the world banana market to their favor. In 1974, they signed the "Panama Agreement" to increase taxation on banana transnational corporations operating in their territories, modify the tax and land concessions previously granted to them, and manipulate exports in order to raise the international banana market prices. After a period of intense diplomatic conflict between the producers and the largest banana transnational (including United Brands, formerly the UFC), a settlement was reached that formally established the Union of Banana Exporting Countries (UBEC).

The UBEC's first and most important success was its capacity to reestablish tax and land concessions granted to foreign banana corporations on Latin American soil. From our perspective, however, we can see that these efforts to grant greater freedom to local capitalists to establish their own plantations was essentially a continuation of, rather than fundamental break with, the vertical disintegration processes initiated by the United Fruit Company almost two decades before it. The difference was that the UFC no longer monopolized the market, so that local land holdings and contracts were renegotiated with the whole gamut of banana transnationals operating in Central and South America, including the Dole and Del Monte

[4] Leah Carroll notes that by 1979, an estimated 80% of workers lived directly in work camps located on the plantations they worked at. Only 6.6% of these camps had access to running water, 33% contained latrines, and 50% had no electricity (Carroll 2000: 147, 155-156, 167).

corporations. And while this movement into the bottom rungs of the global banana commodity chain was indeed a form of upgrading for those previously excluded from the chain, it did not constitute an upgrade for Colombia's banana planters who had already occupied this position with the original establishment of domestic banana plantations in Urabá in the early 1960s. Consequently, this movement of a new group of producers into the banana chain actually further crowded the banana producer market rather than ameliorate the competition associated with that node along the chain.

To be sure, the UBEC recognized the necessity to institute a more fundamental restructuring of the chain in order to redistribute world banana market profits. Yet, it was least successful on precisely this terrain. Though a detailed account of the failure of the UBEC to establish a quota and pricing system does not exist in the literature, we can see a number of structural obstacles the UBEC faced that did not face the coffee producers of the ICA. First, while the ICA of 1961 included 94% of the world's coffee producers, the UBEC only included 42.9% in 1974 and only reached 50% by 1982. Thus, banana producers outside of the UBEC began to use their outsider's status in order to prop favorable trade agreements with banana importers to the detriment of UBEC countries. A second reason has to do with the nature of the importers themselves. While the US imported 62.8% of the world's coffee market at the time of the signing of the ICA in 1961, it only imported 26.8% of the world's banana market in 1974 (Talbot 2004). Thus, lacking a central enforcement mechanism that could penalize those countries who over- and under-supplied the global banana market (as the U.S. had done for the ICA), the UBEC's capacity to manipulate and regulate world prices remained structurally powerless and insignificant. Third, the difference in timing was a key factor in the structural weakness of the UBEC. That is, the formation of the ICA occurred precisely at a moment of militant nationalism and anti-imperialism at the world-systemic level, when the world's largest importer (the U.S.) was establishing itself as the dominant hegemonic power internationally. It was therefore willing to sacrifice immediate economic profits for global political legitimacy. By the late 1970s, however, the question of profits was beginning to trump concerns about global political legitimacy and fears of social revolution and militant nationalism globally. Thus, not only was the U.S. in a structurally weaker position in the banana market relative to the coffee market. It was also less willing to adopt the favorable types of international trade measures that it had adopted in the 1960s.

In fact, the UBEC's collective action strategies in general proved to be short-lived. By the turn of the decade, the state-led marketing firms that moved into the producer-nodes in Central American countries following the formation of the UBEC began to lower their export taxes and once again establish incentives to attract foreign banana conglomerates. Moreover, by then the predominant characteristic of the global banana trade was not its organizational division between politically-aligned producer countries pitted against consumer countries (as was the case of the global coffee market). Rather, the global banana market was structurally divided between a "dollar market" linking Latin American banana producers to the U.S. market and institutionalized under "liberal" trade rules and an "APC market" linking former European colonies located in Asian, the Pacific and the Caribbean to the European market and institutionalized under "regulated" trade rules that granted exporters favorable quotas and price floors (FAO 1986: 3, 68; Raynolds 2003: 30, 38-39).

We see that Colombia's banana capitalists were indeed stuck within a peripheral node along the banana commodity chain, which was governed by liberal trade rules and characterized by market competition and limited profits. And given the crowding of this node, Colombia fought

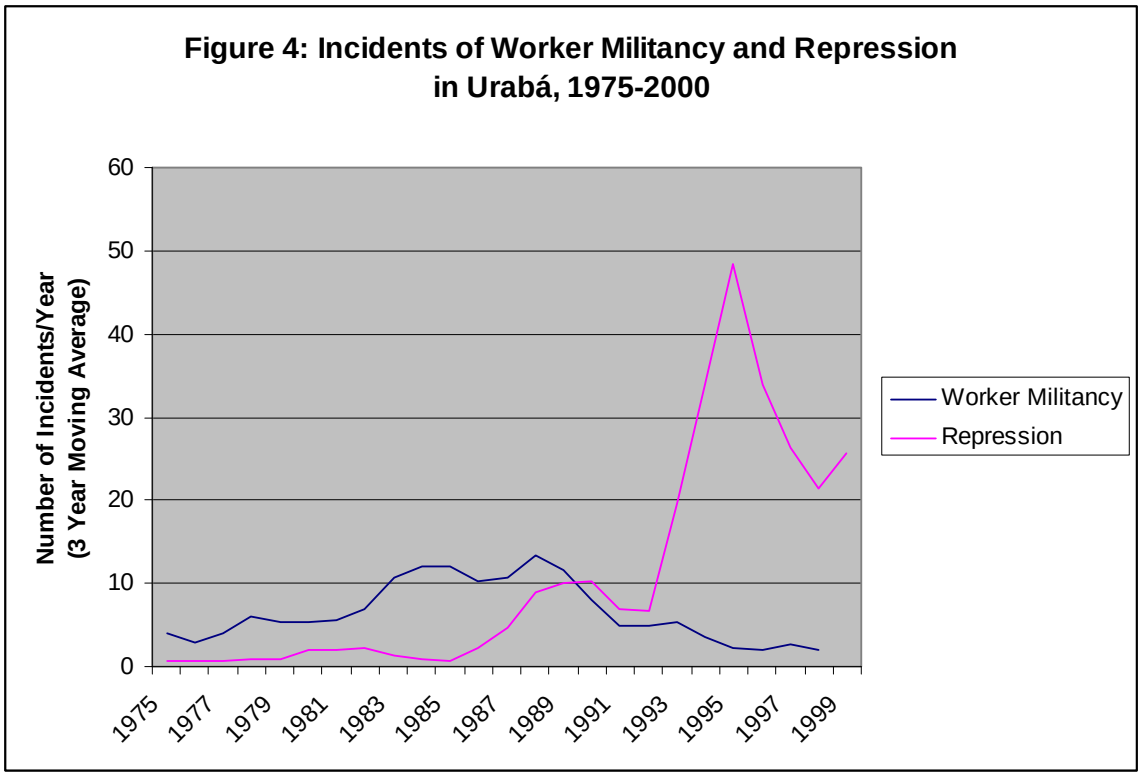
tooth and nail to remain competitive by keeping their production costs low. In practice this meant that their capacity to stay afloat in the banana market was premised upon their capacity to effectively repress banana worker demands for a greater redistribution of the profits made. Any attempts to organize for more favorable concessions from Urabá's capitalists directly threatened their market position, which explains the intransigence and propensity of Augura and their allies to call in the military to violently and forcibly maintain their control over the local political economy.

In summary, we see that in both cases we find evidence to support the world-systems hypothesis that labor regime dynamics are indeed affected by one's location along a commodity chain. The hegemonic regime characterizing Colombia's coffee region in the postwar decades was premised upon the successful upgrading of Fedecafé from a peripheral to a core-like node along the chain. In contrast, the despotic regime characterizing Colombia's banana region was premised upon the need to maintain profitability within the peripheral node of the banana chain.

THE TEMPORAL PUZZLE: LABOR REGIMES TRANSFORMATION OVER TIME

In the previous section of this paper, we found evidence in support of the "spatial hypothesis" drawn from world-systems analysis. That is, the formation of a consensual form of domination in the coffee region was the product of the coffee capitalist class' capacity to upgrade from a peripheral to a core-like position along the global coffee commodity chain and therefore use its core-like profits to invest in both capital accumulation as well as in a local-level hegemonic project that incorporated the coffee producer class as a junior partner. In contrast, the inability for Urabá's banana capitalists under Augura to upgrade into a core-like position along the banana commodity chain forced them into a structurally crowded position. Their capacity to maintain this peripheral, competitive node came from their capacity to push market pressures downwards onto the backs of workers through the repression of banana unions at the point of production and the exclusion of working-class parties from access to local-level political positions.

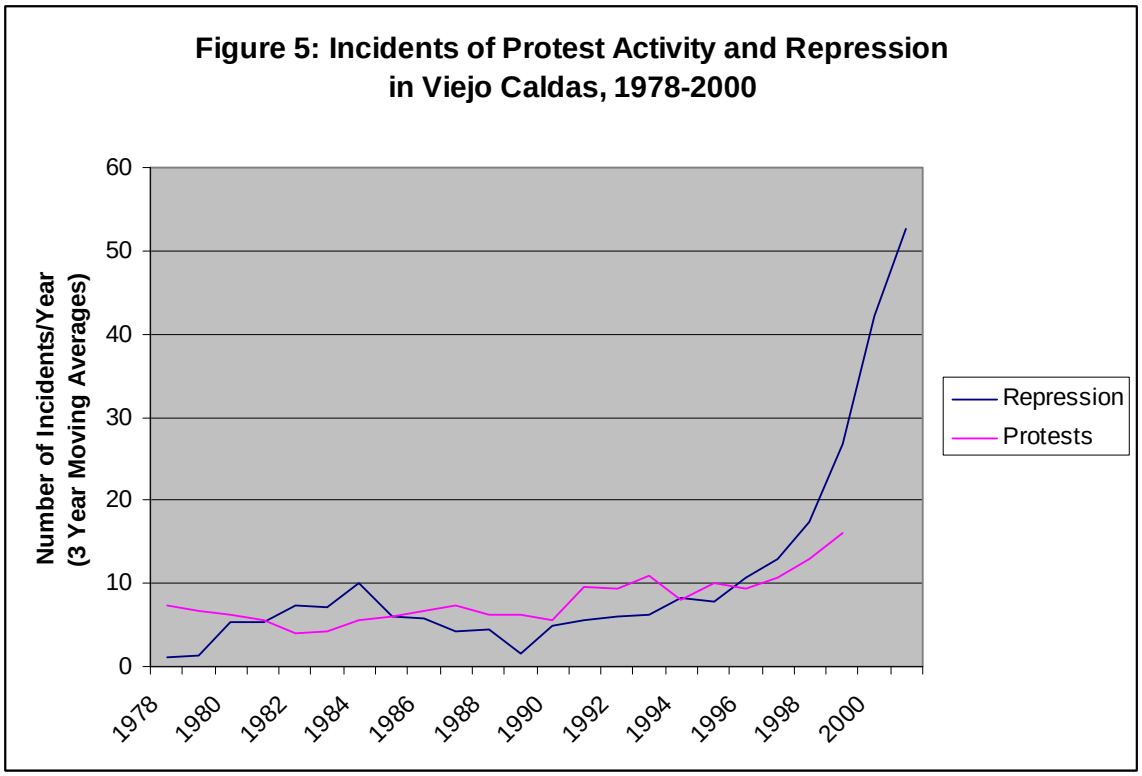
However, these apparently stable though distinct forms of labor control both broke down in the 1980s and 1990s. By the mid-1980s, Urabá's banana workers were able to break the repressive stronghold of local elites and effectively organize unions on the plantations and elect local politicians who expressed their class interests, despite drastic increases in reactionary violence from local elites. It was only until the mid-1990s that the banana planters were able to reestablish a coercive form of domination once again. This rise and dramatic fall in worker militancy (including strikes, marches, and demonstrations), and its relation to the rise in incidents of state and paramilitary repression (including death threats, assassinations, and massacres), is evident in Figure 4 below.



Sources: CINEP (Social Movement Database); CINEP (Banco de Datos); El Tiempo.[5]

In the coffee axis region of Viejo Caldas a similar pattern emerged. As mentioned, before then the region remained impervious to working-class social movement and political activity due to the effectiveness of Fedecafé's hegemonic project at the local level. Yet, by the mid-1990s Fedecafé hegemony had unraveled, giving way to a growth in social conflicts including guerrilla activity and powerful social movements, also despite an eruption of elite repression. This growth in both social protest activity (including strikes, marches, and street demonstrations related to the coffee sector) despite the rise in incidents of state and paramilitary repression (including death threats, assassinations, and massacres), is evident in Figure 5 below.

[5] The incidents of "worker militancy" (defined as strikes, marches and street demonstrations occurring in the region) were compiled using Colombian newspaper sources by the "Social Movement Study Group" of the Center for Investigation and Popular Education (CINEP) based out of Bogota. Its findings are published in Archila et al. (2002). The incidents of "repression" (defined as death threats, assassinations, and massacres occurring in the region) that occurred between 1987 and 2003 was also compiled by CINEP using newspaper sources. The author replicated their data analysis, extending the newspaper reports from 1975 to 1987. For an extensive discussion of the datasets used see Hough (2007).



Sources: CINEP (Social Movement Database); CINEP (Banco de Datos); El Tiempo.[6]

Both regions underwent a "crisis of control" situation characterized by an inability of local elites to effectively repress social protest activity and militancy from the local working classes and subaltern groups. But why did these breakdowns occur? How can we explain the shift in forms of labor control in the same regions over time? The theoretical model utilized previously to explain spatially-distinct forms of labor control would relate these shifts to some type of transformation in the positioning of each sector's activities along their respective commodity chains. But is this true? Was the temporal shift in forms of labor control caused by a shift in location along each commodity chain? And if so, does the similarity in the timing of each shift reflect a response to some larger global transformation impacting both coffee and banana commodity chains?

From Hegemony to a Crisis of Control in the Coffee Region

For those familiar with Colombia's political-economy, the most striking aspect regarding the shift in forms of labor control characterizing Viejo Caldas is not that it happened at all, but that it happened over a decade after a similar shift in forms of labor control had shifted in the rest of the

[6] The incidents of "protest activity" (defined as strikes, marches and street demonstrations occurring in the region and that are related to the coffee economy) were compiled by the CINEP social movement group using Colombian newspaper sources. For an explanation of the data sources see footnote 6.

country. While the shift in the coffee axis occurred in the mid-1990s, the national shift began in the early 1980s. Let us breakdown our initial question into two sub-questions: Why the difference in timing? And why the shift at all?

Regarding the first, there is general agreement in the Colombian literature that the emergence of the crisis of control at the national level dates back to the legitimacy crisis of the National Front regime in the late 1970s. The contradictions of its policy of maintaining a repressive and exclusive political system while simultaneously implementing policies promoting rapid capitalist development had given rise to powerful social movements in the 1970s. And by the 1980s the wave of repression that these movements faced gave birth to new guerrilla insurgency groups (M-19, Quintín Lamé) and new impetus to older guerrilla insurgency groups (FARC, ELN, EPL). Popular frustration with the increasingly repressive responses to this social movement and guerrilla activity by the Turbay Administration (1978-1982) was the principal reason for the election of the reform-minded, though Conservative Party candidate, Belisario Betancur in 1982. Upon his election, Betancur ushered in a series of political reforms and peace negotiation strategies with guerrilla groups in an effort to democratize the political system and encourage greater popular participation in governmental decision-making. This period of "democratic opening" was continued under the administration of Virgilio Barco (1986-1990), culminating in the formation of a popular Constituent Assembly in 1990 and the rewriting of the Colombian Constitution in 1991 (Chernick 1991; Sánchez 2001).

Throughout this period of upheaval and democratic transformation, labor relations in the coffee region remained passive and stable. Though some social protest activity arose in the urban centers of the region (Pereira, Armenia, Manizales), the only movement activity stemming from the coffee farmers came in 1984-85, when a coffee fungus (*la roya*) spread through the region and the smallholders organized to force Fedecafé to 'fulfill its promises" of finding a solution to the crisis. In other words, such a movement only reflected the degree to which the farmers identified with the paternalistic policies of Fedecafé (London 1995 and 1997; Robledo 1998: 33). In fact, the eruption of powerful labor and social class conflicts and elite repression in the coffee region appears to be uncorrelated with the democratization of the regime. So what explains the (late) timing of the shift in class relations in the coffee region? It is my contention that this shift is best explained by the abrogation of the International Coffee Agreement quota system in 1989. As we saw, the ICA quota system was an institutional mechanism that guaranteed high and stable prices for coffee circulating in the global market. For Fedecafé, the durability of the ICA thus buttressed their capacity to finance their hegemonic project vis-à-vis coffee producers at the local level. Once the ICA system unraveled at the global level so too did Fedecafé's hegemonic labor regime in Viejo Caldas.

Immediately following the abrogation of the ICA in 1989, global coffee prices plummeted (as seen in Figure 4 below). By 1993, the average real indicator price for coffee greens has only 42% of what it had been during the final years of the ICA (Ponte 2001: 11-13). Fedecafé responded to this crisis by cutting its export taxes in 1990-1991 and using its accumulated reserves in the FNC to subsidize growers for losses. To make matters worse, during this period the region's coffee fields grew susceptible to a coffee berry borer worm (*broca*), which sparked growers to demand for loans to cover the estimated 10-15% of the total costs of production they were losing (Robledo 1998: 21-23). With lower export taxes and less revenues, Fedecafé felt forced to lower its price floors to growers and cut back on the services they provided in order to finance loans. In 1993, they sold their interests in the Banco Cafetero,

thereby converting the bank from a semi-public bank with a mandate to service the needs of growers into a regular private bank unwilling to risk loans without asking high interest rates in return. Moreover, by the middle of the decade, the FNC was beginning to feel the crunch, as it incurred a debt of US$433.5 million by 1997. By 2001, facing a loss of a total of 80% of its revenues, it abandoned its price floor mechanism altogether (CONPES 2004: 13). This unraveling of Fedecafé financial and market institutions reflects their incapacity to both reinvest in capital accumulation as well as a hegemonic pact with their producers – a structural position defining peripheral rather than core-positions along a commodity chain.

The impact of this unraveling on their hegemony at the local level was immediate. Facing bankruptcy, farmers were forced to make a number of unfavorable choices. One option was to simply sell their land. In fact, by 1997 the "popularity" of this decision was becoming reflected in a rapid concentration of land holdings in the region (Ramirez et al. 2002: 50-51). Some of the lands sold went to larger coffee farmers who began to hire former smallholders as proletarian wage-workers, reflecting a polarization of the class structure (Robledo 1998). Some of those farmers who sold their land simply migrated to the regions urban centers to look for work (Ramirez et al. 2002: 41). Others left the region altogether, migrating to the coca-producing regions of southern Colombia, where they could sustain themselves under the protection of the FARC guerrillas who controlled the area. A second option was to actually convert their coffee fields into coca and opium fields. This conversion from legal to illegal economic activities threw such farmers directly in the radar of the government, whose drug-war policies often forced these farmers to look for protection by the guerrillas right there in the former coffee-producing region itself. Thus, by the middle 1990s, not only did we see a newfound ideological affinity with the guerrillas from former coffee smallholders, but we also saw the growth of a mutual dependence between them wherein guerrillas offered protection services for growers in response for a tax imposed on producers that would help finance their military and organization needs (Oxfam 2003; Richani 2002: 68-69). A third option of indebted coffee farmers was to begin organizing their own political organizations autonomous from the organizational channels provided by Fedecafé, reflected by the establishment of *Unidad Cafetera Nacional* (UCN) in 1992, their national coffee shutdown strikes in 1995 and 1997, and their fusion into the National Association for Agricultural Salvation organization (an anti-FTAA agricultural producers association) by the end of the decade (Robledo 1998: 38-42).

In short, by the middle of the 1990s, the region's capital-labor relations had felt the impact of the "downgrading' of Fedecafé along the global coffee commodity chain. But how can we explain that shift in location? Why was the ICA abrogated in 1989? Was this shift reflective of a simple shift in location from core to periphery for Fedecafé? Or did it reflect a larger structural transformation of the global coffee market as a whole?

Interestingly, sociologist John Talbot examines the "struggles over control of the coffee chain" in his book, *Grounds for Agreement*: (2004). He found that the leading coffee roaster and importer corporations in the United States were willing to cede to US governmental interests in signing onto the ICA agreement early on because they did not feel as if the quota and pricing system would fundamentally threaten their profitability. Yet, by the late 1960s and into the early 1970s, the "upgrading" aspirations of the central ICA producer countries began to seriously threaten the capital accumulation of roasting and importing companies located in consumer countries; and a series of conflicts emerged between exporter and importer countries over whether or not the ICA system should continue. The first conflict came at the time of the 1968

ICA renegotiations. By then, Brazilian coffee capitalists had begun to roast their own instant coffee and sell them directly in the U.S. consumer market, effectively capturing 14% of the instant market by 1967. Perceiving this as a direct assault, U.S. roasters lobbied against the Brazilians, claiming that they were using "unfair trading practices." Though the U.S. pressure was effective in shutting the Brazilians out of the market, they were forced to accept the creation of a "diversification fund" collected by the ICA to finance the development of other agricultural export products and lesson producer-country reliance upon coffee as their primary source of income (Talbot 2004: 61-62).

The rescheduling of precise quotas and pricing was planned to occur in 1973 and then in 1976. Yet, due to the skyrocketing of coffee prices (following frosts that incapacitated the Brazilian sector, civil wars in Ethiopia and Angola, and political strife in Uganda that curtailed the volume of coffee entering the market), the ICA producer countries remained content to let the market rather than their own regulatory mechanisms guarantee high coffee prices.[7] By the time of the next ICA meeting in 1979-80, U.S. delegates were pressured by the Carter Administration to accept the quota system due to a revival of political unrest in coffee producing countries, including the Sandanista Revolution in Nicaragua, the escalating civil wars in El Salvador, Guatemala and Angola, and the growth of guerrilla insurgency groups in Colombia. Yet, over the course of the 1980s the U.S. government's stance toward the ICA system became increasingly hostile, reflecting the interest of U.S. coffee corporations in eliminating the quotas and pricing arrangements and breaking the political alliances of the coffee exporting countries (Talbot 2004: 73).

The political alliances buttressing the ICA system was undermined by the closing years of the 1980s for at least three reasons. First, by the early 1980s many Third World countries had become highly dependent upon foreign loans to finance their national development policies and patronage systems. Thus, following the reversal of U.S. monetary policies and the drying up of loan money, many of these countries were faced with a pressing debt crisis that placed them at a structural disadvantage vis-à-vis the predominant international lending institutions. As a response, many turned to the World Bank and International Monetary Fund, the "lenders of last resort," who offered them "structural adjustment loans" only if they agreed to implement unpopular trade liberalization, export-promotion, and privatization measures (McMichael 2000). The largest ICA producer countries, including Colombia, were largely sheltered from such loans precisely because they maintained stable and relatively high revenues under the ICA system itself. Yet, those countries outside of the ICA altogether (including Thailand and the Philippines) and those countries with relatively minor quota niches within the ICA system (including the Dominican Republic, Honduras and Nicaragua) began to receive these loans, using them to finance the development or expansion of their own coffee export sectors. In other words, the U.S. (through the power it exercised through the World Bank and IMF) was able to utilize the financial vulnerability of those countries to finance the development of a whole new cluster of coffee exporting countries, many of whom were skeptical of the ICA system because their quota arrangements were fixed at low market share levels, because as new coffee producers they lacked the historical experience of effective collective action strategies, and/or because their domestic political situation lacked the types of class-based mobilizations that forced governments such as

[7] An "automatic quota" was established if the price were to fall below 78 cents/lb (Talbot 2004: 71-72)

Colombia and Brazil to conceive of a coffee cartel as a means of ameliorating class conflicts (Stewart 1992: 240-241; Bates 1997: 138-139).

A number of authors also point to the growth of "tourist coffee" – coffee sold "illegally" outside of the ICA market - as another factor that undermined the ICA system. To be sure, under the ICA system the quotas were based upon periodic calculations of the productive capacity of each producer country. As a result, most countries produced above their quota limits and stockpiled this coffee as evidence of their productivity at the next round of ICA negotiations. Yet, by the 1980s, it became clear that many of the smaller and new producer countries were not only heavily stockpiling their excess coffee, but they were selling it below ICA prices in the tourist market. Unwilling to sit back and watch, eventually even the largest coffee producers such as Colombia and Brazil began selling there in order to take advantage of the profitability of this parallel market (Stewart 1992: 261-265; Akiyama 2001: 88; Talbot 2004: 78-79).

A final stake in the heart of the collective action efforts of the ICA producers came from the growing influence of finance capital in the global coffee market. On the one hand, coffee roasters and distributors became subject to the mergers and acquisitions typifying the rest of the U.S. economy. Not only did economic capital become concentrated into the hands of only a handful of coffee corporations (including Nestle, Philip Morris, Sara Lee and Proctor & Gamble), but coffee itself came to reflect on a segment of the profit-making activities of these conglomerates. On the other hand, the 1980s witness an explosion of speculative trading on the coffee futures market, due to technical changes in the New York Coffee, Sugar and Cocoa Exchange that permitted the possibility of trading in options on futures contracts and stimulated the rise of commodity funds that introduced a whole new class of small-scale speculators into the market. Though full discussion of these financial activities is impossible in this paper, the impact of this increase in financial speculation was twofold. First, it loosened the connection between productive markets (related to the supply of coffee going into the market) and financial markets. This meant that producer countries began to lose their structural power to withhold coffee from the market in order to drive prices up. Second, it propelled an overall escalation in the volatility of coffee prices which meant that those coffee actors with the best knowledge over the instantaneous and detailed knowledge about shifts in coffee prices, supplies and markets – the U.S.-based conglomerates - were in the most favorable position to manipulate the market to their favor (Giovannucci et al. 2002: 16; Talbot 2004: 110-113).

John Talbot (2004: 89) points out that the fissures that emerged between clusters of countries at the time of the 1989 ICA accords was "simply a manifestation of the atomization of the Third World" at the time. Colombia, Brazil, Costa Rica and a number of Africa countries formed one bloc that was interested in prolonging the ICA quota system while the Central American countries allied with the U.S. formed another bloc interested in eliminating the system. In the end, the Central America-U.S. bloc succeeded in undermining the negotiation. And though the International Coffee Organization itself (the organizational body that instituted the ICA) was maintained, another round of the ICA quota system was attempted in 1993 and failed due to the persistent strength of the neoliberal-oriented coffee producers.

As we can see, these struggles along the global coffee commodity chain do indeed encapsulate the larger structural trends and dynamics of the global political economy at large. That is, the attempts and successes in "upgrading" by some coffee producer countries such as Colombia triggered responses by core-actors whose "core-like positions" were threatened. Rather than "downgrade", these actors used their control of the dominant political-economic institutions

to restructure the global trade to their benefit, thereby forcing the competitive pressures back downwards along the chain. Moreover, as this "zero-sum game" highlights, the upgrading efforts by countries such as Colombia and Brazil was not only a threat to the core-like positions of U.S. importers, it also posed a threat to smaller producers and those countries excluded from the ICA system altogether. Thus, movement into and up the coffee commodity chain by these smaller countries was the mechanism that helped push the core-like position attained by Colombia and Brazil back downward. To summarize, we find evidence supporting the thesis that the hegemonic form of labor control established by Fedecafé was indeed premised upon their capacity to upgrade along the coffee chain. Once that core-like position was downgraded, the capacity for Fedecafé to maintain this consensual form of domination was undermined, and labor-capital relations at the local level spiraled out of control.

From Despotism to a Crisis of Control (& Back Again) in the Banana Region

If the shift in nodal location along the commodity chain helps us explain the shift labor regime trajectory in Colombia's coffee region, can this same perspective assist us in an explanation of the shift from a despotic regime in the banana region to a crisis of control for local banana elites by the 1980s? And does it help explain the shift back to despotism by the mid-1990s? Of course, the crisis of control that emerged in Urabá in the 1980s cannot be explained by the "downgrading" of Colombian banana producers because, as we saw from the previous section, the node occupied by Urabá's banana capitalists was already "peripheral." So then how can we explain the shift in forms of labor control in Urabá?

The shift occurred as a direct response to the democratization process that began under the Betancur Administration (1982-1986), which opened up the space for banana workers to legitimately organize unions on the plantations and working-class political parties to run for local governmental positions without facing government-sanctioned military and police repression. The first step came in 1982, when Betancur granted official and unconditional amnesty for political prisoners and armed insurgents. Though such a move was a national level response, it was a symbolic step forward for Urabá's banana workers who understood it to mean that their organizational efforts on the plantations would be officially sanctioned (rather than repressed) by the central the state. A second step forward for the workers came when Betancur launched a series of peace negotiation strategies with the guerrillas themselves in 1984. Those each peace negotiation indeed eventually broke down (negotiations with the FARC lasted between 1984 and 1987 while the negotiations with the EPL lasted between 1984 and 1985), the political legitimacy granted to the guerrillas symbolized governmental recognition that their political demands for a further democratization of the regime were justifiable. By 1987-88, the Barco Administration continued the reforms by permitting the direct popular election of local gubernatorial and mayoral elections.

Such actions undertaken by the central state had a direct and immediate impact on capital-labor relations in Urabá. On the plantations, banana worker unions expanded dramatically. Sintagro membership jumped from 300 workers in 1984 to roughly 9000 workers by 1986 while Sintrabanano's membership jumped from 100 workers to roughly 4000 over the same period. By 1985, the percentage of plantations with organized unions rose to an estimated 60% (Carroll 2000: 177). As union density deepened, so came a growth in strike activity on the plantations, with the number of labor strikes jumping from virtually nothing in the mid-1970s to an average of

12 by the closing years of the 1980s. Such labor militancy was effective in winning a number of key concessions, including an eight-hour workday, the establishment of two labor-courts in the region to oversee and mitigate violations in worker rights, an increase in real wages from an estimated average of $3,700-3,800 Colombian pesos/month in 1978 to an average of $7,700 per month by the middle of the decade (Hough 2007).

It was not only at the point of production that banana worker strength grew. In fact, over this period the FARC and EPL guerrilla groups established their own national political parties which gained important political positions in Urabá. By 1988, the FARC's newly established Patriotic Union Party had organized a coalition with the EPL's Popular Front Party, winning the mayoral election of Urabá's largest municipality of Apartadó by 1988 as well as significant percentages of "county council" positions across the four municipalities comprising Urabá as a whole. And these electoral victories granted these worker-friendly parties with the authority to directly and favorably intervene in the labor-capital conflicts arising from the plantations, including the 1986 imposition of a tax on planters to finance greater worker concessions (Carroll 2000: 183, 204).

This political opening granted to Urabá's banana workers by the national executive provided them with the capacity to challenge the coercive form of domination imposed upon them by Augura and their allies in the Liberal Party who had formerly monopolized local political positions. Yet, Urabá's elites did not simply sit back and watch their political and economic power unravel. In fact, they correctly identified the fact that worker empowerment was a direct threat to their capacity to maintain their peripheral position with the global banana commodity chain. Jaime Henrique Gallo, the region's local Liberal Party leader expressed this frustration, stating that such workerist policies as the plantation tax was "a strategy against the economic system in which we live" and "a clear-cut class struggle… has been unleashed against us in the zone." He responded by calling for a twofold strategy. First, knowing that the Colombian national military was openly opposed to the democratization and peace processes, he argued that local elites should use the political power that they still carried to lobby for the further militarization of the region. Second, he responded with a "thinly-veiled apology" for the establishment of paramilitary groups to be used against Urabá's working class if the military-proper was no longer willing to help them reassert their power. He wrote, "as long as (the president, the ministers, the governor, and the armed forces) give us slow, late solutions that make us despair, we must form our own strategies" (Carroll 2000: 183-185).

In terms of the former strategy, calls for a further militarization of the region did occur. This included the creation of a new battalion (*Voltigeros*) comprised of 800 soldiers in 1984, a new brigade (XI Brigada) in the neighboring department of Cordoba in 1987, a "Chief Military Headquarters" (*Jefatura Militar*) in Urabá proper in 1988, and another new brigade (X Brigada) and battalion (*Francisco Paula de Velez*) in 1989. By the end of the decade, the region became the most heavily militarized of the country in terms of troops per square kilometer (Carroll 2000: 213-214).

Though the region saw this impressive growth in its military presence, it was not the military proper that carried out the wave of elite violence in the region by the latter half of the 1980s. In fact, it was the creation of the a local paramilitary army, calling itself the Peasant Self-Defense Group of Cordoba and Urabá (ACCU), who took responsibility for these actions. In reality, the ACCU was simply the result of the implementation of Henrique Gallo's second strategy, and they were financed by a powerful coalition of local elites, including members of

Augura (represented by banana planters and cattle ranchers), the Liberal Party, and an emergent class of narcotraffickers who began to purchase large tracts of land and establish cattle ranches in order to launder the excess liquidity the accumulated through the illegal narcotics trade. It is well noted that the ACCU had established paramilitary "bases" throughout the four banana-producing municipalities of Urabá, and that their repressive actions emerged due to direct military participation or because of the military's willful permission of such actions (Ramirez Tobón 1997: 127-134; Carroll 2000: 216; Dudley 2003). Nevertheless, the rise of the paramilitary presence in Urabá led to a number of repressive actions, including massacres on two banana plantation workers in 1988, the assassination of a number of Patriotic Union and Popular Front activists, as well as civilians in neighborhoods known to be their strongholds (Méndez 1990: 21).[8] Though the number of incidents of military and paramilitary violence increased in Urabá throughout the 1980s, they were not effective in repressing the growing strength of banana unions whose strikes continued unabated and of workerist political parties who continued to gain ground in local elections (Carroll 2000; Hough 2007).

In 1990, the newly-elected President Gaviria (1990-1994) began a second round of peace negotiations with the EPL guerrillas, which led to their disarmament (except for a small radical fraction that remained armed) and participation in the Constitutional Assembly. As part of the demobilization package, Gaviria ordered the closing of the *Jefatura Militar* and promised to examine any linkages between military and paramilitary organizations, thereby making it clear to Urabá's elites that regional peace was a top national priority. As a result, a number of negotiations arose between Augura and Sintrainagro (a banana worker union formed through the fusion of Sintagro and Sintrabanano in 1989), which culminated in Sintrainagro agreement to halt its strike activity in order to promote Augura's demand of increased productivity on the plantations, the creation of "peace fund" (financed by Augura and the departmental government) to assist the reinsertion of demobilized EPL guerrillas, and the establishment of a "social pact" for the region that formally acknowledged Augura's responsibility in addressing the "basic needs" of the local population (Carroll 2000: 225; Rivera Zapata 2004). Interestingly, both the number of incidents of political violence committed by elites against the workers as well as the incidents of strike activity on the plantations dropped dramatically over the next two years (Hough 2007).

Yet, by 1992 the "social pact" proved to be an ineffective and temporary solution to the regions labor-capital problems. By then, Urabá's peace had for all intents and purposes ceased to be a "top national priority," and President Gaviria was actively advocating the passage of neoliberal legislation that would stimulate trade liberalization and agro-export promotion. In May, following the breakdown of peace negotiations with the FARC, the Gaviria Administration ordered a re-militarization of the region and instated a "decree of Internal Commotion" that granted the military greater freedom to carry out "counter-insurgency operations." The military-paramilitary nexus were thus granted a "green light" to reinitiate an offensive against guerrillas,

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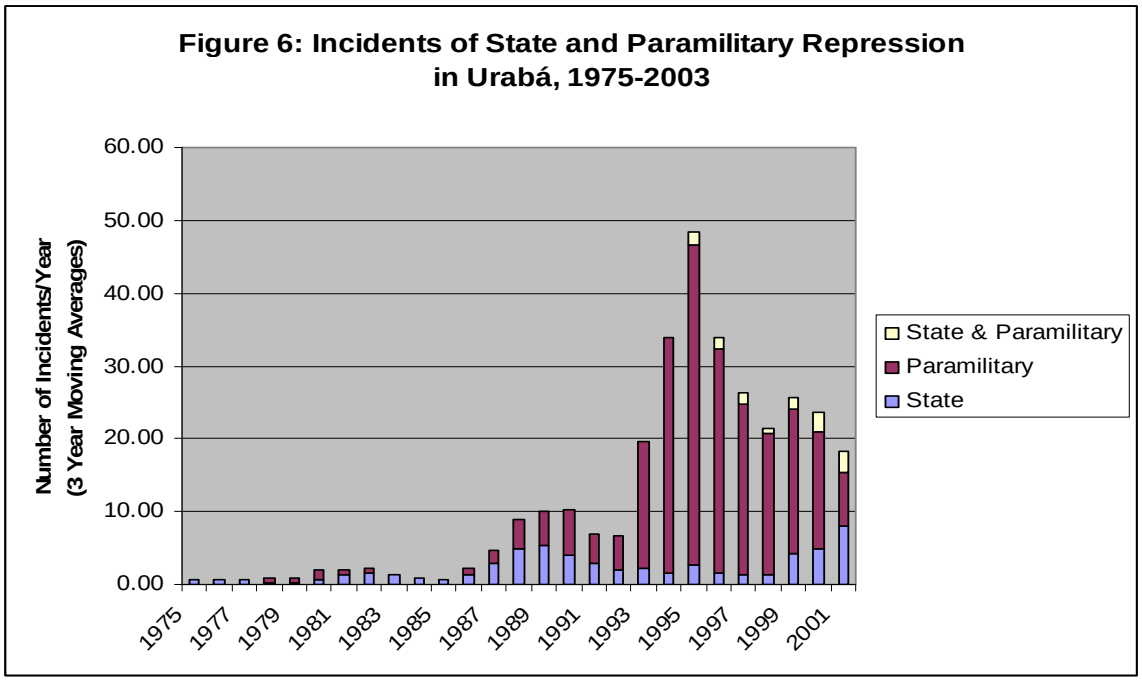
[8] By the end of the 1980s, three presidential candidates had been assassinated, including the popular Liberal Luis Carlos Galán (August 1989), the Patriotic Union's Bernardo Jaramillo (March 1990), and the M-19's Carlos Pizarro León-Gómez (April 1990). The Patriotic Union party of the FARC was particularly vulnerable to campaigns of terror and reactionary violence orchestrated by paramilitary groups affiliated with drug traffickers. By 1987, a little more than a year after their entrance onto the political stage, an estimated 111 Patriotic Union militants had been assassinated. In 1988, another 276 were killed, and by 1989 138 were added to the death march (Dudley 2004: 130). Gonzalo Sánchez notes that "their entire party …was decimated between 1989 and 1992" (Sánchez 2001: 6).

which they interpreted as consisting of not only insurgents themselves, but also political and community activists, human rights workers, and other individuals who threatened the interests of Urabá's elites.

Whereas the earlier wave of paramilitary violence by the ACCU was ineffective in repressing worker militancy, consisting of roughly a few hundred armed combatants, by the middle of the 1990s the paramilitaries throughout the country had grown in strength and manpower, leading to a paramilitary alliance known as the United Self-Defense Forces of Colombia (AUC), consisting of roughly 8000 regular fighters by the middle of the decade (Richani 2002: 123). The power of the AUC was soon felt throughout the region, leading to the complete elimination of the EPL dissident faction as well as the expulsion of the 5th Front of the FARC from the region. And without the protection of the guerrilla organizations, Urabá's political and union activists soon fell prey. An estimated 1554 UP-affiliated individuals were assassinated, what some consider to be the "total annihilation" of the UP party (Sánchez 2001: 6; Livingstone 2004: 222).

The rise of paramilitarism was effective in repressing the wave of worker militancy that arisen since the 1980s (as seen from Figure 6 below); and with this the region reverted back to the despotism characterizing its labor regime before the democratization period. In 2004, the Commander of the AUC operating in Urabá stated, "I was appointed by the Estado Mayor (AUC Central Command) to retake 'el Calima' five years ago. But the Banana Bloc was initiated by me as a measure of self-defense. I started here and will have finished my task when I turn my arms in" (El Tiempo 2004).



Sources: CINEP (Banco de Datos); El Tiempo.[9]

[9] For an explanation of the data sources see footnote 6.

In short, we see that the democratization of the Colombia regime, rather than a structural transformation of the global banana trade itself, was responsible for the shift in forms of labor control in the banana region of Urabá. Not only were Colombia's banana exporters already positioned in a crowded peripheral along the banana chain, but the structure of the "dollar market" in which they were embedded was itself governed by neoliberal, "free market" mechanisms that only intensified the competition between exporters and limited their capacity to organize collective action efforts in a similar way to that achieved by coffee producers under the International Coffee Agreement. The emergence of "global banana wars" in the mid-1990s is the exception that proves the rule. By then, a number of Latin American producers including Colombia, Ecuador and the Central American countries joined the United States in its efforts to use international trade stipulations to force the European Union to liberalize its "APC market" and accept the importation of bananas from the "dollar market". In this sense, we see that the actions of Colombia were similar to those of the newly-emergent coffee exporting countries who felt that the International Coffee Agreement quota system excluded them from access to larger market shares and forced them into a competitive position along the coffee chain. Meanwhile, the axis of conflict positions APC banana exporters against "dollar" banana exporters, to the ultimate advantage of the banana importing countries themselves, who can use this intensification of market competition occurring within the lowest nodes of the banana chain to maintain their core-like profitability.

CONCLUSION

As we saw from the case studies of forms of labor control in Colombia's coffee and banana sectors, their distinct forms (puzzle #1) as well as the transformation in these forms (puzzle #2) cannot be understood without locating them within their larger structural and institutional contexts. In terms of the first puzzle, the formation and perpetuation of hegemonic relations linking the activities of Colombia's smallholding coffee producers to the capital accumulation interests of the nation's exporting elites was the result of Fedecafé's interventions in the local coffee market, which itself was premised upon their effectiveness in not only upgrading up from a peripheral to a core-like node along the global coffee commodity chain, but also by fundamentally restructuring that chain in order to institutionalize that shift. In contrast, efforts by Colombia's banana exporters to upgrade and/or fundamentally alter the structure of the banana commodity chain were unsuccessful. Stuck in a peripheral node and faced with intense market competition from other banana exporters, Urabá's elites came to rely upon the coercive force of the Colombian state (and later upon the paramilitaries) to effectively repressive worker attempts at demanding concessions, concessions that would have cut into the capital accumulated of banana plantation owners and threatened their competitive position within the world banana market.

In terms of the second puzzle, we also find evidence supporting the centrality of the macro-structural and systemic relations between core and periphery, and the core-like and periphery-like locations along each respective commodity chain in explaining the form of labor-capital relations. Yet, the shift in the types of labor control in each (from consensual domination to a crisis of control in the coffee region and from coercive domination to a crisis and back in the

banana region) stemmed from different causes. The shift in the coffee region's labor-capital relations reflects the "zero-sum game" outlined by Arrighi and his collaborators. That is, the successful upgrading of the leading coffee exporting countries (Colombia included) eventually came to threaten the core-like position of roaster and distributor corporations operating in the core countries themselves (upgrading entails downgrading by definition). The restructuring the coffee chain along neoliberal lines reflected the larger historical-structural trend by which core countries such as the United States reasserted their power over the commodity chain and re-peripheralized former upgraders to downgraded positions. At the world-systemic level, we see that this effort to reassert their power by rescinding on the International Coffee Agreement that buttressed the upgrading of Colombian producers reflected a decision by the U.S. global hegemonic power to sacrifice its own efforts at global legitimacy in order to safeguard its own attempts to reel in the profits accruing to the country's coffee capitalists.

In terms of Colombia's banana sector, the shift in labor-capital relations did not come as the result of such efforts to re-peripheralize actors through neoliberal initiatives precisely because Urabá's plantations were already located within a peripheral node along the banana chain. Instead, the shift came as the result of the democratization of the political regime, which opened up official state-sanctioned support for the formation of banana unions and workerist political parties. It was the success of these worker efforts to organize on the plantations and in the political sphere that came to fundamentally threaten the peripheral position, and therefore capital accumulation, of Urabá's banana capitalists. It was only through the formation of paramilitary groups that Urabá's workers came back under the control of capital, though this entailed the total annihilation of any form of worker collective action.

The case of Urabá highlights a structural contradiction associated with peripheral producers. Unable to accumulate enough capital to both invest the establishment of a hegemonic pact at the local level as well as reinvest in capital accumulation processes (as their core counterparts can), peripheral capitalists must shift between what Beverly Silver (2003) aptly calls, "crises of legitimacy" and "crises of profitability." To invest too far in one direction will lead to a powerful reaction from the opposite direction. In Urabá, the democratization of the regime pushed in the direction of legitimacy, while the formation of the politically-exclusive National Front (in 1957) as well as the rise and consolidation of the paramilitaries (in the 1990s) pushed in the other direction. This example, I believe, is illustrative of Arrighi's point that capitalist accumulation along any given chain continues through the exclusion of most chain actors from access to that wealth generated. This capacity exclude peripheral actors from access to the greatest profits along a chain is what makes the market for that commodity capitalist. Moreover, we see that the perpetual struggle to peripheralize and re-peripheralize chain actors by externalizing competitive market pressures downwards has direct bearing on labor-capital struggles. While capitalists in core locations can shift market competition downwards along the chain, thereby assuring enough wealth to redistribute to their own workforces, the capitalists of the periphery internalize their market competition pressures by forcing these pressures onto the backs of their workers. The legitimacy of local labor regimes in the periphery is therefore much more tenuous than that of the core.

This brings me to two final points. First, the use of commodity chain locations to explain labor regime dynamics is unconventional. In fact, Jennifer Bair (2005: 154) has pointed out that the literature on global commodity chains (and its variants, including global production networks and global value chains) has become increasingly oriented analytically towards the meso-level of

sectoral dynamics and/or the micro-level of firm upgrading rather than maintaining the macro-structural and world-systemic orientation of its founders. And in doing so, she argues that the recent generation tends to overlook "the broader political-economic environment in which chains operate, including the institutional and systemic factors that shape commodity chains and condition the outcomes associated with them." By focusing on the interrelationship between class struggles, labor regimes, and commodity chain dynamics, I hope to contribute to a small but growing literature that examines the politics of chains and the agency of workers in constituting those chains (Raikes et al. 2000; Gellert, 2003; Talbot 2004; Levy 2008; Cumbers et al. 2008; Bair 2009).

Finally, the current debate in Colombia over the protracted nature of the country's political conflict appears to have indeed entailed its own historical memory loss. Whereas the older body of literature sought causal explanations precisely in such variables as the nature of the political regime and economic development models, the recent tendency in the literature is to cast blame for its protracted nature on the motivations of the paramilitaries as well guerrillas. This frustration with the guerrillas as well as paramilitaries is reflected most deeply by the continuing and wide support for the nation's hard-line right-wing President Álvaro Uribe Velez, who initiated peace negotiations with the paramilitaries and refuses to do the same with the guerrillas. Yet, as we see from the case study of Urabá, the paramilitaries were not a region-specific response to the rise of guerrilla groups, as some have argued (Sánchez 2001). Rather, they were a response to the threats posed by empowered workers to region specific modes of capital accumulation. Thus, the struggle between guerrillas and paramilitaries is simply a reflection of the larger structural conflict between capital and labor in specific sectors of the country. In the case of Urabá, we see the victory of capital. In the case of Viejo Caldas, we continue to see a "crisis of control" characterized by pockets of guerrilla groups adjacent to pockets of paramilitarism, pockets of collective mobilization adjacent to pockets of conservative reactionaries. One quickly loses sight of the larger significance of these struggles by failing to adequately locate them within their proper world historical context.

APPENDIX

Map 1: The Banana Axis and Coffee Axis Regions of Colombia

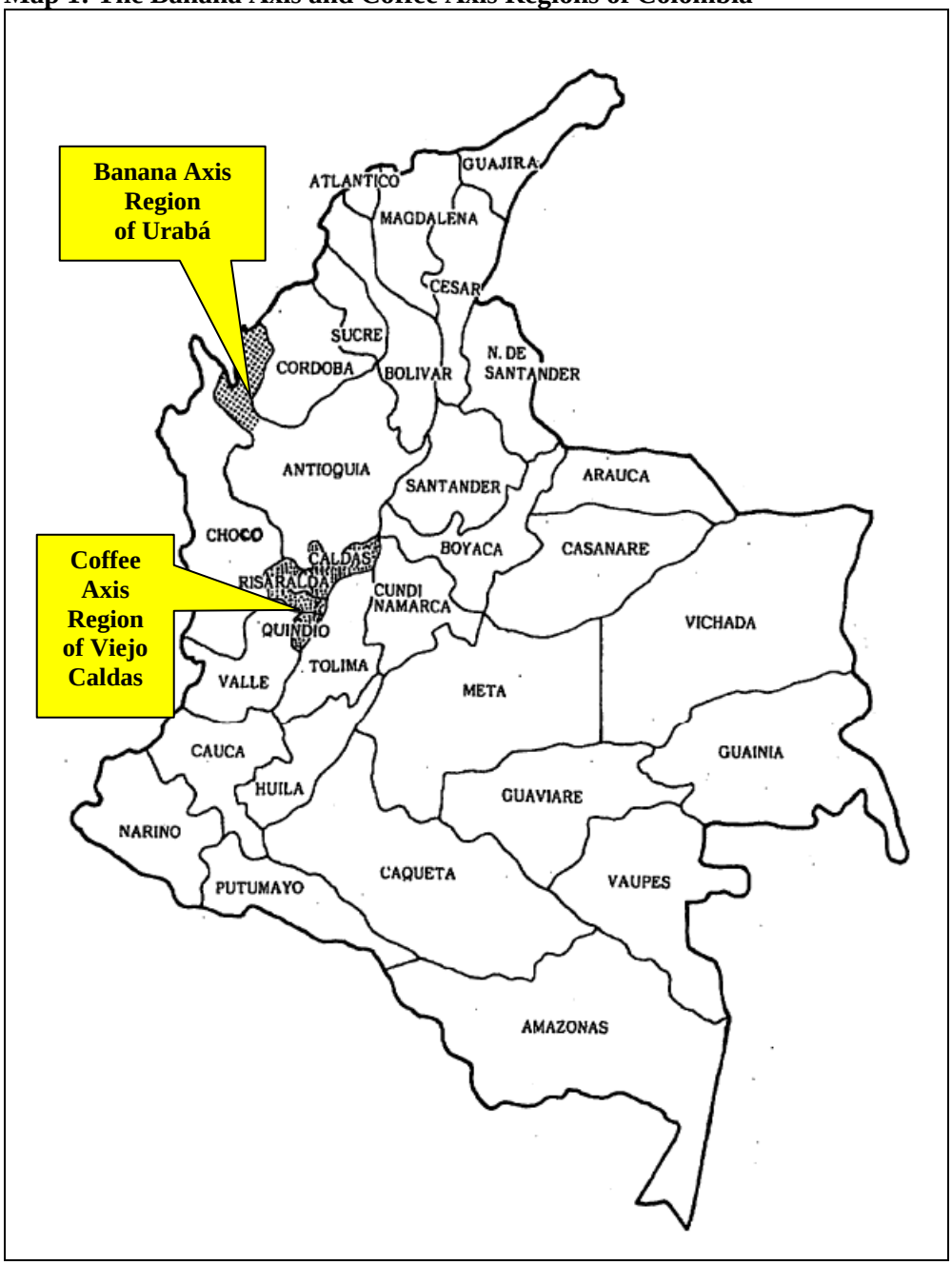
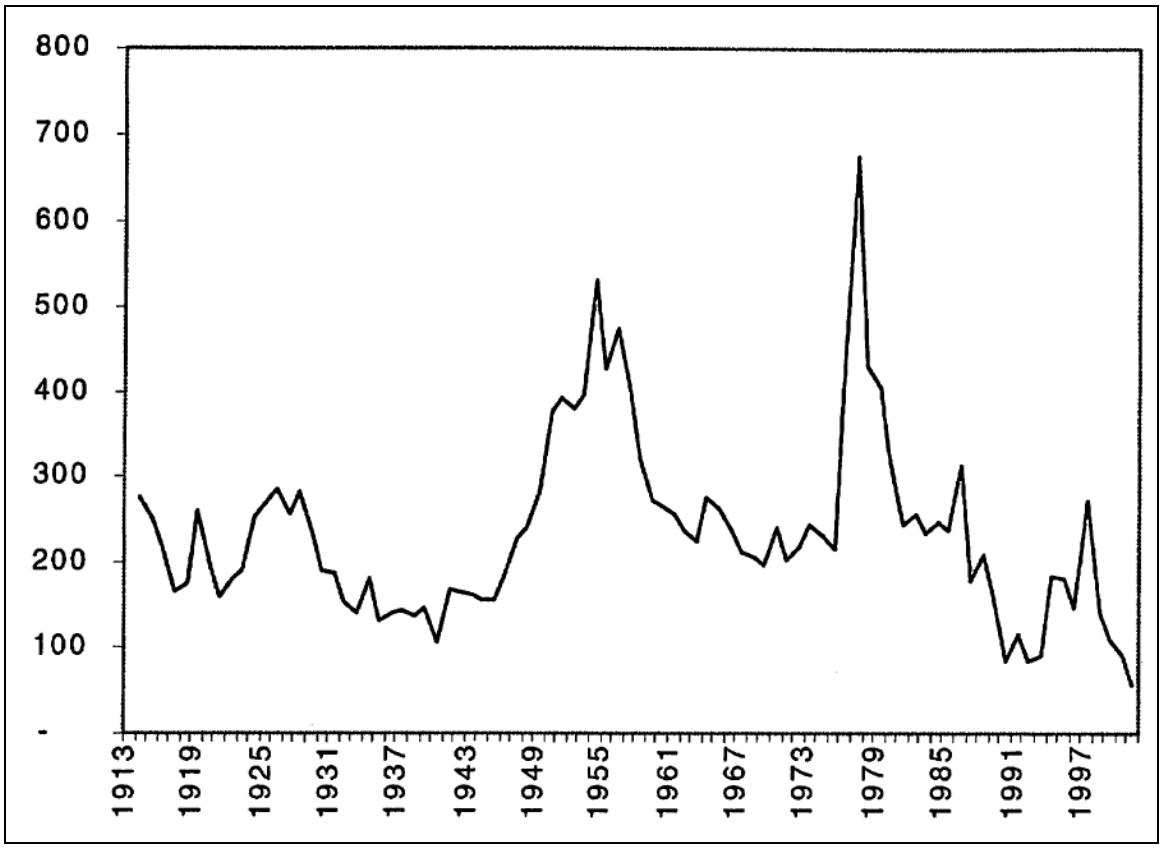


Figure 7: International Coffee Price, US ¢/pound in Constant Terms (2001)



Source**:** International Coffee Organization, printed in Giovannucci et al. (2002)

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WORLD-ECONOMY CENTRALITY AND CARBON DIOXIDE EMISSIONS: A NEW LOOK AT THE POSITION IN THE CAPITALIST WORLD-SYSTEM AND ENVIRONMENTAL POLLUTION

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ABSTRACT

With the ever-growing concern of climate change, much attention has been paid to the factors driving carbon dioxide emissions. Previous research in the World-Systems perspective has identified a relationship between carbon dioxide emissions and position in the world-economy. This study intends to build on the previous research by developing a new, more parsimonious indicator of World-System position based on Immanuel Wallerstein's theoretical concepts of incorporation and core-periphery processes. The new World-System indicator is derived from the centrality measure in network analysis based on import data from the International Monetary Fund's Direction of Trade Statistics. Based on the theoretical concepts of core-periphery processes, carbon dioxide emissions are predicted to rise based on the predominance of energy-intensive, high-technology, core processes within the nation. The results tend to demonstrate a strong relationship between carbon dioxide emissions and position in the world-economy, and the new World-System position indicator is more strongly related with carbon dioxide emissions than Gross Domestic Product per capita.

INTRODUCTION

Since the 1997 American Sociological Association – Political Economy of the World-System (PEWS) section meeting, PEWS authors addressing environmental issues (Bunker and Ciccantell 2005; Moore 2003; Prew 2003) have built on the initial contributions of Braudel (1979a; 1979b; 1979c), Wallerstein (1974; 1980; 1989) and Bunker (1985), as well other researchers who have expanded on their own and others' formulations (Burns, Kick, and Davis 2003; Grimes and Kentor 2003; Jorgenson 2003; Roberts, Grimes, and Manale 2003). Previous studies have established a connection between the position in the world-economy and their environmental impact and have added greatly to our understanding of the issue (Burns, Davis, and Kick 1997; Burns, et al. 2003; Burns, Kick, Murray, and Murray 1994; Jorgenson 2003; Jorgenson 2006; Jorgenson, Rice, and Crowe 2005; Roberts 1996; Roberts, et al. 2003; York, Rosa, and Dietz 2003). Despite the significant contributions of the above authors, room for improvement exists. Some measures of position in the world-economy have a limited numbers of cases (Arrighi and

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Drangel 1986; Kentor 2000; Mahutga 2006; Smith and White 1992), while others use composite measures that include variables such as treaties or diplomatic ties which can result in a measure with effects that can be unclear theoretically and empirically (Kick 1987; Rossem 1996; Snyder and Kick 1979).

I am proposing that a simpler measure could provide an increased number of cases and an effective indicator of World-System position. This paper attempts to build on the previous research by developing a parsimonious indicator of World-System position. The focus of this paper is not to test the effectiveness of the measure with previous formulations[1], but to outline the theoretical underpinnings of the measure and test it against an issue of contemporary concern, carbon dioxide emissions. To create this new variable, I return to certain fundamental concepts of Immanuel Wallerstein, incorporation (Hopkins and Wallerstein 1987; Wallerstein 1982) and the distinction of core and periphery processes (Wallerstein 2004).

With the introduction of this new variable, I have three fundamental research questions. First, based on the distinction of core-periphery processes, will the World-System indicator be a more effective predictor of carbon dioxide emissions than Gross Domestic Product (GDP) per capita, a variable widely used by previous researchers (Dietz and Rosa 1997; Grimes and Kentor 2003; Jorgenson 2007a; Roberts, et al. 2003)? Next, will the new World-System indicator be robust in the presence of other control variables. Lastly, will the results demonstrate a monotonic relationship between carbon dioxide emissions and the independent variables? If effective, this new, parsimonious variable of World-System position has the benefit of theoretical consistency and could replace other measures with fewer cases. This new variable has the potential to be used for new research as well as refining old models.

REVIEW OF THE LITERATURE

A number of researchers have begun to investigate the role of world-economy position as well as the size of a nation's economy with respect to environmental impact. In an attempt to unravel the relationship between environmental impact and relationship within the world-economy, some World-Systems researchers focus their research on qualitative historical analysis (Barbosa 1993; Bunker 1985; Chew 1999; Dunaway 1996; Frey 1998; Moore 2000) while others use quantitative methodology (Burns, et al. 1997; Burns, et al. 2003; Burns, et al. 1994; Jorgenson 2003; Jorgenson, et al. 2005). Each has expanded our understanding of the issues involved, but I will focus on the quantitative literature.

A number of quantitative studies have already made significant contributions to understanding the impact of World-System position on environmental variables (Burns, et al. 1997; Burns, et al. 2003; Burns, et al. 1994; Jorgenson 2003; Jorgenson, et al. 2005). Many of these studies are based on operationalizations from previous authors (discussed below). Previous studies use a wide variety of operationalizations for World-System position indicators, suggesting a single commonly accepted operationalization among World-Systems analysts has yet to emerge. Prior to describing the quantitative work in World-Systems and the environment, I will briefly outline the various operationalizations.

[1] For summary and critical review of previous measures, see Babones (2005) and Prew (2005).

A number of researchers have created a variety of operationalizations over time. One widely employed methodology is block modeling (Kick 1987; Nemeth and Smith 1985; Rossem 1996; Smith and White 1992; Snyder and Kick 1979; Steiber 1979), using multiple variables to create the block models. Commodity classifications to determine World-System position were used by Nemeth and Smith (1985), Smith and White (1992), and Steiber (1979) based on the argument that core production tends to focus on finished goods while peripheral production is more characterized by raw material production.

Others (Kick 1987; Rossem 1996; Snyder and Kick 1979) use composite variables for use in their block models. These variables differ and generally attempt to pinpoint concepts central to the World-Systems perspective. Snyder and Kick (1979:1105) include "trade flows, military interventions, diplomatic exchanges, and conjoint treaty memberships." Kick (1987) modifies Snyder and Kick's (1979) analysis to include four different treaty ties, political conflict, armament transfers and military conflict. While attempting to incorporate similar issues, Rossem (1996) uses trade between nations, trade in major conventional weapons, presence of foreign troops, and presence of an embassy or commissariat as evidence of diplomatic representation.

Terlouw (1993) and Kentor (2000) used z-scores instead of block models to create their composite variables. Terlouw (1993) uses a nation's part in world trade, stability of trade relations, GDP per capita as part of total world GDP, military power and diplomatic ties through diplomats and embassies. Kentor (2000) critically analyzed the prior research and offered a new multi-dimensional operationalization based on three broad dimensions of the World-System: economic power, military power and global dependence.

While these prior operationalizations have provided a solid foundation for research, they do contain two significant drawbacks. First, many are missing a substantial number of nations in the world-economy. Some researchers have less than 100 nations in their analyses (Arrighi and Drangel 1986; Jorgenson 2003; Mahutga 2006; Nemeth and Smith 1985; Smith and White 1992). Second, composite indicators of World-System position contain a number of variables that may reduce the total number of nations that may be included (Kentor 2000; Kick 1987), but also contain variables such as treaty membership and diplomatic ties (Kick 1987; Rossem 1996) that are difficult to support theoretically. The core of Wallerstein's (2004) description of the World-System revolves around the exploitation of the periphery through unequal exchange. Economically, core processes maintain an advantage over periphery processes, while the state can be used to protect quasi-monopolies and the advantage of core processes. The role of diplomatic relations or sociocultural ties in this process is unclear.

According to Kick (1987:134), sociocultural and other diplomatic ties provide core nations with access necessary to dominate and socialize the periphery nation into their subordinate role. Rossem (1996:512) argues that "Small or poor countries … tend to establish embassies in countries that are politically most important to them." According to Rossem (1996:512), embassies represent the nation's importance in the World-System. While many diplomatic ties in core nations may indicate power and influence, the presence of many diplomatic ties in a peripheral nation may indicate dependence and unequal exchange with core nations. Higher numbers of diplomatic ties may produce contradictory indications of coreness or dependence depending on whether the nation is core or periphery. Periphery nations with few diplomatic relations may be more external to the system of exploitation or it may represent a concentration of dependence on very few nations. Because the effects of diplomatic or sociocultural relations may not vary monotonically, their inclusion in a composite variable may

muddy the variable's effectiveness. Testing for diplomatic or sociocultural ties separately may be more illuminating than including them in a composite variable. For these reasons, I will avoid constructing a composite variable and will look for a data set that will maximize the number of nations that may be included.

In the quantitative literature of World-System and environment, researchers use a variety of operationalizations including those above as well as new formulations. Focusing on deforestation, Burns et al. (1994), uses Kick's (1984) operationalization. Burns, et al. (1997), an analysis of greenhouse gases, and Burns, et al. (2003), also addressing deforestation, use Kick (1987). Roberts' (1996) analysis of treaty participation and Roberts, Grimes and Manale's (2003) study of carbon dioxide emissions both use a modified version of Terlouw (1992). Two others investigate the impact of World-System position and its impact on a nation's ecological footprint. Jorgenson (2003) follows Kentor (2000) while York, et al. (2003) construct a new operationalization based on dependence on foreign aid.

While there have been a number of studies of carbon dioxide emissions, they have generated varying results using different methodologies. Burns, et al (1997) and Roberts, et al. (2003) specifically address carbon dioxide emissions and World-System position, while Grimes and Kentor (2003) and Jorgenson (2007a) target foreign capital penetration. Burns, et al. (1997:442) argue that carbon dioxide production is monotonically related with position in the world-economy and state that core nations "set production and consumption strategies that aggravate . . . production of industrial carbon dioxide" allowing them a greater ability to produce greenhouse gases. Two studies that focused solely on less developed countries, Grimes and Kentor (2003) and Jorgenson (2007a), found that foreign capital penetration is positively related with growth in carbon dioxide emissions.

At least three studies (Dietz and Rosa 1997; Roberts and Grimes 1997; Roberts, et al. 2003) argue against carbon dioxide emissions varying monotonically with affluence or position in the world-economy. Dietz and Rosa (1997) argue that nations exceeding $10,000 in per capita GDP experience a decline in carbon dioxide emissions resulting from affluence. They suggest that the decline is the result of a shift to a service-based economy and investment in more efficient technology.

In another study of carbon dioxide emissions, Roberts and Grimes (1997) specifically address what is referred to as the "environmental Kuznets curve." The environmental Kuznets curve suggests that rising national wealth would lead to declining environmental impacts (Grimes and Kentor 2003:265-267). Roberts and Grimes (1997) use a slightly different dependent variable than Dietz and Rosa (1997). Instead of carbon dioxide emissions as in Dietz and Rosa (1997), they use carbon dioxide intensity, carbon dioxide per unit of GDP. Even though they discover an inverted U-curve in carbon dioxide emissions, they argue that it is not the result of nations progressing through stages of development as the environmental Kuznets curve would suggest, but rather from "a relatively small number of wealthy ones becoming more efficient since 1970 while the average for the rest of the world worsens" (Roberts and Grimes 1997:196). Roberts, Grimes and Manale (2003) expand on Roberts and Grimes (1997) but tended to find similar results with respect to the inverted U-curve in carbon dioxide emissions. Based on the hypothesis that high technology in the core allows polluting industries to shift to the periphery, Roberts, Grimes and Manale (2003) found a non-linear relationship between GDP per capita and carbon dioxide emissions per GDP, as well as a non-linear relationship between their composite world-economy position indicator and carbon dioxide emissions per GDP. They argue the

upward part of the slope was associated more with the world-economy indicator, while the downward slope was most clearly associated with GDP per capita (Roberts, Grimes and Manale 2003:295, 302). Roberts, Grimes and Manale (2003) also state that the results demonstrate a wide variation in the carbon dioxide emissions of semiperiphery and upper periphery.

These studies tend to demonstrate two outcomes. First, foreign capital penetration and World-System position appear to be monotonically related to carbon dioxide emissions (Burns, et al. 1997; Grimes and Kentor 2003; Jorgenson 2007a). Second, GDP per capita, when the squared term is included (Dietz and Rosa 1997; Roberts and Grimes 1997; Roberts, et al. 2003), tends to demonstrate a curvilinear relationship with carbon dioxide emissions. Of the above studies, only two (Burns, et al.1997; Roberts, Grimes and Manale 2003) specifically use a World-System indicator, and only one (Roberts, Grimes and Manale 2003) compares a World-System indicator to GDP per capita. This paper will attempt to make the direct comparison between GDP per capita squared and the new World-System position indicator to see if the results are similar.

So, what are we to gather from these different studies of environment and World-System position? The methodologies and results vary, and the variables used to indicate World-System position are not consistent. A consensus tends to exist that higher World-System position is positively related with environmental degradation, but many studies contain fewer than one hundred nations. Because many nations are missing from most of the analyses, it may be helpful to see if relationship holds with more nations included. Likewise, composite variables tend to include both economic and political variables, which may make it difficult to determine the specific relationship between the composite variable and the dependent variable. What effects would economic and political variables demonstrate when tested separately from the composite variable? For these reasons, I think it is necessary to reevaluate how we define the World-System in quantitative literature and develop a new, more parsimonious variable to represent World-System position. An indicator based on a single variable will be more conceptually clear and benefit from the inclusion of more nations.

OPERATIONALIZATION OF WORLD-ECONOMY POSITION

Beginning with the basic theoretical concepts outlined by Wallerstein (2004), it is possible to create a new operationalization of World-System position. Wallerstein begins with an axial division of labor that is comprised of an occupational hierarchy of core and periphery processes. The distribution of core and periphery processes is organized geographically through the processes of unequal exchange that drains surplus value from the periphery to the core, perpetuating the relationships. Strong states are integral to the geographic distribution of core processes in specific regions of the world-economy and the ability to limit certain regions of the world-economy to peripheral processes (Wallerstein 2004:28). The historical development of the capitalist world-economy did not occur instantaneously, but proceeded over time through the process of incorporation. Incorporation has both extensive and intensive components. Extensive incorporation refers to the actual geographic inclusion of external regions in the capitalist relational processes, while intensive incorporation refers to the intensification of the inequality in the capitalist relational processes (Wallerstein 1982:98-99).

Developing empirical indicators of the axial division of labor is very difficult. As mentioned above, a number of authors (Mahutga 2006; Nemeth and Smith 1985; Smith and

White 1992; Steiber 1979) attempt to create an indicator of World-System position, but they tend to focus on finished goods and raw materials. Wallerstein (2004) argues it is not necessarily the type of production or level of industrialization *per se*, but *core processes* that migrate from the core to the periphery. The actual industrial processes may, in fact, be exactly the same, but they become *peripheral processes* as they are replaced with more advanced technology in the core (Wallerstein 2004:29). Core processes include high wage, high technology, quasi monopolies, while peripheral processes are much more competitive, pay lower wages and tend to have a lower rate of profit for the immediate producer (Wallerstein 1976b:462; Wallerstein 2004:28). While certain aspects of industrialization may indicate core processes such as high technology, by the time an industrial process moves to the periphery, it has lost its high wage, quasi-monopoly status that defines it as a core process.

In this way, core processes are those processes that are at the forefront of technology and relations of production to maintain their high profit status. Constant innovation is necessary to maintain core position by ongoing expansion of accumulation. Accumulation under capitalism demands an interaction with nature, and this interaction with nature, according to Marx (1981a:431), occurs both extensively and intensively (Prew 2003:209). Extensive expansion deals with the incorporation of ever more elements of nature. As Marx (1981b:214) explains, "The more capitalist production is developed, bringing with it greater means for a sudden and uninterrupted increase in the portion of the constant capital that consists of machinery, etc., and the more rapid the accumulation (particularly in times of prosperity), the greater is the relative overproduction of machinery and other fixed capital, the more frequent the relative overproduction of plant and animal raw material." Extension is simply bringing more of nature into use and can be associated with growth in general, either economic growth like GDP or population growth. Put simply, more money and/or more people equal greater consumption of nature.

Intensive use of nature is slightly different in that it speeds up the processes of nature to shorten idle capital. Marx (1981a: 213-214; 1981b:316-317) argued that natural processes like harvesting timber pose problems for accumulation because the labor process is interrupted as the tree matures. Capitalists will attempt to reduce this idle time by speeding up the natural processes. "In so far as this time of production over and above the labor time is not determined by natural laws given once and for all, as with the ripening of corn, the growth of an oak, etc., the turnover period can often be shortened to a greater or lesser extent by the artificial shortening of the production time. Examples of this are the introduction of the chemical in place of open-air bleaching, and more effective drying apparatus in the drying process" (Marx 1981a:317).

Intensifying the processes of nature can be directly tied to the core processes described by Wallerstein (2004). High technology processes in the core are designed specifically to increase the rate of profit to further economic expansion by increasing production efficiency. By substituting human labor with energy intensive machines, the speed of production lines can be increased. Technology is substituted for natural processes. For example, bioengineered crops require fossil fuel inputs such as fertilizers, pesticides, herbicides, farm machinery, etc. in an effort to achieve greater yields from the crops. While the claims of increased yields may be dubious (Fernandez-Cornejo and Caswell 2006:9), the real point is to expand accumulation by innovating productive forces and relations. High technology core processes would tend to be very energy intensive to maintain this rate of production and would be associated with the use of

natural resources used in energy production, including carbon dioxide emitting resources like natural gas, oil and coal.

Ecological Modernization (Mol 1997) argues that production in the core, being more technologically advanced, would be more efficient and therefore less environmentally unsound than production elsewhere. Although core processes use the most technologically advanced production processes, environmental degradation continues despite increased "efficiency" in production. Core processes may be more environmentally efficient than their peripheral counterparts, but increased accumulation in the core allows for (actually necessitates) increasing environmental degradation as a result of increasing demand for the commodities produced with more efficient practices (Clark and Foster 2001). This is the crux of what is known as Jevons' Paradox. Stanley Jevons argued that efficiency of production methods did not reduce the use of a certain resource like coal; it actually would increase its use. "Here, Jevons argued that increased efficiency in using a natural resource, such as coal, only generated increased demand for that resource, not decreased demand as one might expect. This was because improvement in efficiency led to further economic expansion" (Clark and Foster 2001:95). The existence of high technology and quasi-monopolies characteristic of core processes are a necessity to facilitate economic expansion and core dominance, but result in the more intensive use of nature's products.

Unfortunately, very little global data deals specifically with core processes that include high wage, high technology, quasi monopolies, etc. (Wallerstein 1976b:462; Wallerstein 2004:28). While some data exist on wages from the World Bank WDI database (World Bank 2001), a number of cases are missing including Australia, Canada, Germany, Netherlands, United States and United Kingdom, making cross-national comparisons difficult. Part of the definition of core processes is quasi-monopoly status, but defining commodity classifications with respect to quasi-monopoly status would be time consuming and possibly fraught with classification errors. This is especially true given that core processes change over time and may exist as both a core and a peripheral process at the same time depending on the economic and geographic conditions under which the production process occurs, as I discussed above.

Tracking the indicators of unequal exchange is equally difficult. Defining unequal exchange itself has proved difficult empirically, while the actual data are elusive. Recent research (Jorgenson 2006; Rice 2007) and a special issue of the *International Journal of Comparative Sociology* (Volume 50, No. 3-4, 2009) have returned to this topic with its origins in Arghiri Emmanuel (1972) and Stephan Bunker (1984). For Wallerstein (2004:28), the focus on unequal exchange is the flow of surplus value from the periphery to the core. It could be argued that nations are exhibiting the negative effects of unequal exchange when the value of their imports exceeds the value of their exports, but there are at least two problems with this view. First, core and semiperiphery nations are able to maintain trade imbalances over the short-run while maintaining their relative position in the world-economy. Second, the importance is specifically focused on the inequality of exchanges and not the actual monetary amount of the nation's total trade. A peripheral region may maintain a relative trade balance in monetary units while the peripheral region consistently loses surplus value in the transactions due to unequal exchange.

Incorporation is another possible means to define position in the capitalist world-economy. While Wallerstein (1976a:351) argues geographic (extensive) incorporation was effectively completed by the beginning of the twentieth century, intensive incorporation

continues. The relations between the regions of the world-economy deepen. While incorporation could be measured by the expansion of capitalist accumulation in the core and the incorporation of colonial territories into the world-economy, intensive incorporation could also be viewed as a relative integration in the capitalist relations of the world-economy.

Nations and regions were incorporated into the capitalist world-economy at different times. Their specific environmental and historical trajectories determined the degree to which they became ensnared in the unequal relations between core and periphery processes in the axial division of labor (Bunker and Ciccantell 1999; Bunker and Ciccantell 2003). While timing in the incorporation of the world-economy is important, the development of core and peripheral processes within a nation, articulated with strong and weak state relations, helps to determine the degree to which nations are incorporated in the world-economy. A historical analysis of each nation's incorporation into the world-economy would be helpful to understand how a nation was incorporated, but it is not easily undertaken. Another possible method to operationalize incorporation is to attempt to locate a nations' position in the world-economy through the network of world trade. A number of researchers (Clark 2008; Clark and Beckfield 2009; Kentor 2000; Kick 1987; Kim and Shin 2002; Prew 2005; Rossem 1996) have included world-trade in their measures or created world trade position variables.

However, Terence Hopkins cautions against singling out trade as *the* form of the relationship between the core and the periphery (Hopkins 1982:152).

> "Accordingly, to let the relation which 'core-and-periphery' designates slip into the background is to let the labor process as it operates on a world scale slip into the background as well. One place in particular where this sort of slippage seems to occur frequently is in discussion of 'trade' between 'core' and 'periphery'. With the latter pair as classificatory terms, we say, 'Here's a core-country and here's a periphery-country; now, how are they related? Why, through 'trade'.' And with that, a set of activities and interactions we call 'trade' ceases to be just one of many ways in which the interrelations linking the partial-production-operations formative of 'cores' and those formative of 'peripheries' are actualized, in given times and places. And instead 'trade' (almost invariably as 'market trade') becomes *the* form of *the* relationship between *the* core and *the* periphery."

Hopkins offers strong caution against the reduction of the world-economy to trade relations, but it may be possible to situate trade in the unequal exchange of core and peripheral processes. Perhaps just as core states and peripheral states can be used as a shorthand for core and peripheral processes at the nation state level (Wallerstein 2004:28), trade can be used as a shorthand for world-economy relations as long as the inequitable nature of the relations is retained and the researcher refrains from positing trade as *the* world-economy relation and *the* defining feature of the world-economy. While using trade relations as an indicator, I must acknowledge that they do not represent the sole relationship of the world-economy, but act as a proxy for the relations of unequal exchange between core and peripheral processes. World trade as represented by total imports and/or exports can possibly describe the relations of unequal exchange and the relative position of nations in those relationships if the relative *strength* of each nation in the world-economy is accounted for in a network of world-economic relations. No single measure can

capture completely the historical operation of the capitalist world-economy nor replace historical comparative research, but it may be possible to develop a parsimonious indicator that may act as a proxy for world-economy relations in broad cross-national research.

While world trade as expressed as imports or exports has been used by World-Systems analysts, only a few use the value of trade (Prew 2005; Su 2002) while others use mere ties between nations with respect to trade (Clark 2008; Clark and Beckfield 2009; Kick 1987; Kim and Shin 2002; Rossem 1996). Breaking from authors who use simple ties, Tieting Su (2002) conducts a network analysis of world trade data to determine the structure of the world-economy over time. To construct a trade network, Su adds imports to exports. Su then calculates, for each nation, the proportion of its total trade that is exchanged with another nation. In this way, Su argues that a high percentage of trade with one nation may indicate a nation's dependence on its trading partner. Su then constructs a matrix for network analysis including only ties where trade levels are 10% or greater for all of the years of the study. Su (2002:359) uses degree centrality network analysis to determine the composition of trade blocks in four separate years: 1928, 1938, 1960 and 1999. While Su's analysis appears to confirm the author's hypothesis that the world-economy consists of waves of trade interdependence and trade fragmentation, Su's technique points to a promising indicator of world-economy position.

Although Su's analysis is "designed to fathom trade structures" (Su 2002:360), it is possible to use a similar technique to construct an indicator of world-economy position. One measure, centrality, is especially useful for this type of analysis. The centrality measure in network analysis counts the number of ties between "actors" in the network and can be viewed as a measure of inequality between trading partners in the world-economy. "It is based on this theoretical and empirical ground that centrality is used to identify major trading partners" (Su 2002:360). Trade centrality can be understood as a measure of the centrality of a nation in the relations of unequal exchange between core and periphery processes described by Wallerstein (2004). The more central a nation is in the network of relations in the world-economy, the more likely the nation is dominated by core processes and uses this advantage through unequal exchange to better its position in the capitalist world-economy. More central nations are deepening their intensive incorporation into the relations of the world-economy to further benefit from unequal exchange.

While mere centrality of ties may indicate the connectedness of a nation within the network, the relative trading strength of each nation adds another crucial dimension that, hopefully, addresses some of Hopkins' (1982) concerns. The command of trade flows, both import and export, represent the historical development of the world-economy into gaining zones and losing zones (Wallerstein 1983:32). Large trade flows could be understood to represent both the ability to gain through unequal exchange through the amount of trade, but also the rewards accumulated to a nation through the unequal exchange of core and peripheral processes. The processes of the operation of unequal exchange in the world-economy are inextricably linked to the outcomes. Unlike GDP, however, a measure of trade centrality including trading strength is more than a simple measure of economic outcome. While the extensive nature of incorporation was effectively completed in the early 20th century, trade centrality captures two elements of the intensive nature of the World-System. Increasing trade ties and the expanding disparity of the volume of world trade both demonstrate the intensification of relations of unequal exchange within the world-economy. While there will be some expected correlation with other measures of economic strength such as GDP, the combined nature of trade strength and trade ties provides a

measure that captures, with simple data and methods, both the sheer size of an economy and the centrality of the nation within the capitalist world-economy.

Because of the applicability and the parsimony of its design, trade centrality will be used as a measure of position in the world-economy in this paper. The trade network variable for this paper will be comprised solely of import data from 1999 in the International Monetary Fund's (IMF) Direction of Trade Statistics (DOTS) (International Monetary Fund 2000). By using one dataset, the variable is more transparent than composite variables and retains more nations than most variables mentioned above.

In the IMF DOTS, imports and exports representing the trade between nations in millions of US dollars are listed for each included nation. Total volume of trade, imports and exports, is necessary to represent the combined role trade played in the relations of unequal exchange in the world-economy. Unfortunately, import and export data are compiled differently and are not necessarily equivalent due to inconsistencies in data collection. Export data is calculated as "free on board" (f.o.b.) while import data is "cost including insurance and freight" (c.i.f.). The data collection contains a number of inconsistencies including: differences in the classification concepts and detail, when the data is recorded, the valuation of the goods, processing errors and issues of coverage such as free trade zones (International Monetary Fund 2000). Nemeth and Smith (1985) also suggest the use of import data due to the greater accuracy of import figures.

For these reasons, the construction of the trade centrality focuses solely on import data. IMF DOTS import data is entered in matrix form listing imports on the vertical axis while the horizontal axis would, technically, indicate exports to the importing nation. Because some nations are significant importers with relatively less exports and vice versa, it is important to get a measure of overall trade relationships. Focusing on imports or exports can lead to very different results. To smooth out the differences between importers and exporters in the world-economy, the imports are added to the exports. The import matrix is used to calculate a sum of both imports and a measure of exports by transposing the import matrix and adding the transposed matrix (exports) to the import matrix. Nations are included in the matrix for use in the network analysis if the IMF DOTS provided trade data for a specific nation. If the IMF did not provide a complete trade account for a specific nation, it is deleted from the analysis even if several nations reported trade with the nation. As a result, eight nations (Afghanistan, Botswana, Eritrea, Laos, Mongolia, Namibia, Nepal, North Korea) are missing compared to the dependent variable, Carbon Dioxide Emissions (defined below). Carbon Dioxide Emissions is missing Somalia compared to the IMF DOTS data.

The IMF DOTS trade matrix is imported into the UCINET 6 network program (Borgatti, Everett, and Freeman 2002) to create the network centrality variable. Since the data is transposed and added to itself (described above), the resulting matrix is symmetrical. The value of combined imports and exports is retained in the matrix. The symmetrical matrix resulted in a better theoretical fit with Wallerstein (1976b, 2004) than an asymmetrical matrix producing both indegree (imports) and outdegree (exports) centrality. UCINET 6 is used to calculate Freeman's Degree Centrality with the IMF DOTS trade matrix. The resulting variable will be referred to as *World-Economy Centrality* (W-E Centrality).

While there are a number of possible network measures to devise a measure of World-System position, Freeman Degree Centrality tends to be the most consistent with the World-Systems Perspective. When choosing between network procedures, I found most network analysis procedures tend to produce results that lack face validity when comparing them to

World-Systems theoretical models such as Wallerstein (1976b, 2004). Some measures would appear to be better suited for World-Systems analysis, such as the Core/Periphery function. One major issue with the Core/Periphery function, or "coreness" is that it weights the coreness of an actor by the coreness of their neighboring actors in the network. Thus, Canada and Mexico, because of their relationship with the United States, tend to be positioned higher in the network than Germany and the United Kingdom when using valued data. Using simple ties, the United States falls behind a number of nations in the output. The reason the output tends not to fit theoretical models is the strength of the trading partner determines, to a degree, the position of the nation in the world-economy. While this may be true of the banking industry (Scott 1991:101), it is not the main focus of the World-Systems perspective. Core World-System position is not determined primarily by trade relationships with powerful nations, but by historical unequal exchange with peripheral regions. Eigenvector centrality has a similar problem, weighting nearby actors by calculating the "distance" from the central actors. Those in close geographic proximity to a central actor/nation tend also to be weighted more heavily because of their subsequent close trade relationship with the central actor. Bonacich Power, another measure of centrality adds an "alpha" component to the Freeman Centrality measure, but this alpha is difficult to approximate and allowing UCINET 6 to calculate it produces nonsensical results. Core nations tend to be situated in the middle, while periphery nations occupy the top and bottom of the list of nations in the output.

Freeman's Degree Centrality measures the number of ties for each actor with others in the network (Hanneman 2001:61). Since the data contains a monetary value for trade between nations, Freeman's Degree Centrality sums the values of all the ties for each actor in the network (Borgatti, Everett, and Freeman 1992:82). Therefore, the number of connections is important as well as the weight of the interaction between actors. Import/export trade volume with trading partners increases the value of the actor's centrality measure. In general, nations whose trade volume is low with other nations will have lower centrality scores than nations with high trade volumes with their trading partners.

Returning to World-Systems analysis, nations with numerous trade ties have greater opportunity for profiting from unequal exchange as a result of the axial division of labor, and the total volume of trade as a result of the ties indicates the success of a nation as a "gaining zone." Although a significant amount of intercore trade accounts for a sizeable portion of trade volume, the fundamental relationship of inequality continues between the core and periphery nations. Centrality in the network would indicate the coreness of the nation and the presence of core processes. Nations with a low volume of trade and few ties can be understood as an indication of the subordinate role in the world-economy and a reliance on peripheral processes.

RESEARCH QUESTIONS

I wish to test three fundamental questions in this paper. First, will World-Economy Centrality be a better predictor of carbon dioxide emissions than GDP per capita? World-Economy Centrality should have strong correlation with the outcomes of the operation of the World-System such as GDP per capita, but the effects of World-Economy Centrality will be separate of GDP per capita with respect to carbon dioxide emissions. Because World-Economy Centrality is related to core

processes, we would expect that it would be more closely related to carbon dioxide emissions, an intensive process, than GDP per capita, which would measure more extensive processes.

Second, will World-Economy Centrality be strongly predictive of carbon dioxide emissions and remain robust even in the presence of a number of control variables? To be a strong candidate for a new indicator of World-System position, World-Economy Centrality must be strong and consistent in a variety of models with similar variables. Aside from GDP per capita and population, a number of control variables will be included that deal with urbanization, militarism, inequality and foreign direct investment. Again, it is expected that many of these variables should be strongly correlated with, if not caused by, World-System position. Will World-Economy Centrality remain robust with the inclusion of the control variables?

Third, will World-Economy Centrality vary monotonically with carbon dioxide emissions? While previous research suggests a conflicting relationship between economic development, position in the World-System and carbon dioxide emissions (Burns, et al. 1997; Grimes and Kentor 2003; Roberts, et al. 2003), I argue that carbon dioxide emissions will vary monotonically with the centrality of the nation in the capitalist world-economy. Clark and Foster (2001) point to Stanley Jevons' argument in "The Coal Question" as grounds to question the assumption that greater efficiency in the techniques of production will lead to decreased use of natural resources. The concentration of core nations on core processes will tend to lead to more intensive energy use and higher carbon dioxide emissions. For these reasons, I predict that centrality in the world-economy will be directly related to production of carbon dioxide.

VARIABLES USED IN THE ANALYSIS

All variables in the analysis are from 1999 with the exception of the lagged carbon dioxide emissions from 1990 and the inequality variable GINI, explained below. With the exception of the World-Economy Centrality variable and FDI Inward Stock, described below, all variables are from the World Bank World Development Indicators (WDI) dataset[2] (World Bank 2001). The dependent variable, Carbon Dioxide Emissions (CO2 Emissions), is logged. In addition to the World-Economy Centrality variable, two other independent variables are significant to the analysis. First, the assumption of the IPAT model suggests that population contributes to environmental degradation. York et al. (2003) supports the idea of population as a significant contributor to environmental impact. The more people a nation has, the greater the environmental impact. Population from the World Bank WDI database (World Bank 2001) is logged and shall be included in all models. Because GDP per capita should be less associated with intensive processes, GDP per capita PPP will be used to provide a comparison to World-Economy Centrality. Both GDP per capita PPP and World-Economy Centrality are logged. To conduct a panel analysis, a lagged version of carbon dioxide emissions from 1990 is included and logged.

To test the effectiveness of the World-Economy Centrality variable, other control variables are included. To give an estimate of foreign capital penetration, Foreign Direct Investment (FDI inward stocks for the year 1999) from the United Nations Conference on Trade and Development FDI Database (United Nations Conference on Trade and Development 2005) is

[2] To update the previous research to a panel analysis, I added carbon dioxide emissions from 1990 to the dataset from the "Quick Query selected from World Development Indicators" (World Bank 2009).

included and logged. A measure of a nation's inequality, GINI is taken from the World Bank's WDI (World Bank 2001), but the indicator is not available for all nations in 1999. To maximize the number of nations included, the GINI indicator was compiled from the WDI data set years 1985-2002. The GINI measure is logged. The World Bank's WDI (World Bank 2001) provides a specific variable for arms exports. Arms Exports (% of total exports) will be included as a measure of the development of the military within the nation. Finally, a measure of urbanization is included as Urban Population (% of total). Descriptive statistics for included variables can be found in Table 1.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CO2 emissions (kt) (LN)	144	4.795	15.519	9.784	2.24
CO2 emissions (kt) (LN) 1990	142	8.90	22.29	16.48	2.43
Population WDI (LN)	146	13.98	20.95	16.315	1.342
Urban population (% of total)	145	6.051	97.26	53.085	22.692
Arms exports (% of total exports)	142	0	22.4	0.474	2.133
GINI (LN)	121	3.2	4.26	3.657	0.252
FDI inward stock UNCTAD (LN)	146	1.472	13.775	9.328	1.359
W-E Centrality (LN)	137	4.305	14.36	9.169	2.155
GDP per capita, PPP (LN)	135	6.064	10.374	8.319	1.119
GDP Per Capita, PPP Squared	135	1.85E+05	1.03E+09	1.15E+08	2.10E+08
Valid N (listwise)	114				

REGRESSION MODELS

Panel regression will be used for all models. A panel regression model includes a lagged version of the dependent variable as an independent variable in the regression model. Because a high correlation is expected between the dependent variable and a lagged version of the dependent variable, panel regression is a very conservative test of the independent variables (Shandra, London and Williamson 2003). Because of the close correlation between carbon dioxide emissions and the World-Economy Centrality variable, it is a very strong test of the effectiveness of the explanatory power of World-Economy Centrality (see Figure 1 below). The panel regression models tested are based on the parsimonious STIRPAT model of York, et al. (2003). The STIRPAT model is described as "environmental Impacts are the multiplicative product of Population, Affluence (per capita consumption or production), and Technology (impact per unit of consumption or production)" with the inclusion of an error term (York, et al. 2003:280-281). York, et al. (2003) include the Natural Log of Population and the Natural Log of GDP per capita in the basic STIRPAT model. Unlike the basic STIRPAT model, World-Economy Centrality is also included to test for effects related to world-economy position.

To fully test World-Economy Centrality, eight models are conducted using Carbon Dioxide Emissions as the dependant variable on all models. The first four models will focus on World-Economy Centrality and GDP per capita PPP and hold the cases constant with 128 nations. The last four models focus on the control variables, which reduces the valid cases to

114. Model 1 will contain only the lagged Carbon Dioxide Emissions 1990, Population and World-Economy Centrality. Holding the cases constant to make a comparison, Model 2 will contain the lagged Carbon Dioxide Emissions 1990, Population and GDP per capita PPP. Model 3 includes both World-Economy Centrality and GDP per capita PPP along with the lagged Carbon Dioxide Emissions 1990 and Population for a direct comparison. Model 4 is the same as Model 3 with the inclusion of the squared component of GDP per capita PPP. The next four models all include the control variables mentioned above. Model 5 contains the control variables the lagged Carbon Dioxide Emissions 1990 and Population. Model 6 adds World-Economy Centrality, Model 7 adds both World-Economy Centrality and GDP per capita PPP, and Model 8 includes all variables.

RESULTS AND DISCUSSION

The results tend to confirm that World-Economy Centrality is a better predictor of carbon dioxide emissions than GDP per capita, and World-Economy Centrality is robust with the inclusion of a variety of variables. The results of the eight models are presented in Table 2.

Given the results of the analysis, World-Economy Centrality appears to be a strong predictor of carbon dioxide emissions and more effective than GDP per capita. In all models where it was included, World-Economy Centrality was significant at the .01 level or above and, with the exception of the lagged Carbon Dioxide Emissions from 1990, had the highest standardized coefficients in all models. Focusing on the comparison with GDP per capita PPP, World-Economy Centrality does appear to fair better overall than GDP per capita when predicting carbon dioxide emissions. The R square is slightly better for World-Economy Centrality in Model 1 (R square = .959) compared to GDP per capita PPP in Model 2 (R square = .955). When included together in Model 3, the standardized coefficient for World-Economy Centrality is more than five times GDP per capita PPP, which is non-significant. Additionally, the fit remains the same with GDP per capita PPP included in Model 3 compared to Model 1 with the lagged Carbon Dioxide Emissions 1990, Population and World-Economy Centrality.

When GDP per capita PPP and World-Economy Centrality are included together in the models, there is problematic multicollinearity according to some standards, "VIF values of 7-10 or higher" (Rice 2007:1380). While this may raise some concern, Robert O'Brien (2007) suggests that rules of thumb regarding the VIF should not automatically be applied. "The practice of automatically questioning the results of studies when the variance inflation factor is greater than 4, 10, or even 30 … [is] as inappropriate as questioning the results of studies based on sample sizes less than 200, because they do not meet 'the rule of 200'" (O'Brien 2007:681). Nearly all cross-national studies have sample sizes lower than 200 cases, and cross-national variables like GDP, world-economy position, population, foreign direct investment, etc. are expected to be correlated theoretically. The process of stratifying the world-economy into core and peripheral regions has direct theoretical links to investment, economic size and demographic trends. Specifically, this paper is attempting to tease out the theoretical effects of two highly correlated variables. O'Brien (2007:683) argues shifting the model to reduce multicollinearity may mean that the theory being tested also changes. Attempts to further reduce the multicollinearity would compromise the theoretical questions being posed by this study. Many of the relevant variables could be per-capitized, but the individual effect of population would

disappear from the analysis, however it is crucial to the IPAT conceptualization. The major overlaps are between the dependent variable, World-Economy Centrality and GDP per capita, which are the variables of most importance to the theoretical questions being asked. For these reasons, I acknowledge the higher VIFs in some models, but have not attempted to completely eliminate multicollinearity because doing so may compromise the theoretical model.

The better fit of World-Economy Centrality is graphically represented by the scatterplots in Figures 1 and 2. The scatterplot of World-Economy Centrality with Carbon Dioxide Emissions tends to be more narrow and linear than GDP per capita and Carbon Dioxide Emissions. The better fit, both in the regression models and graphically, is consistent with the predicted relationship between World-Economy Centrality associated with core processes and energy intensive processes such as carbon dioxide emissions. GDP per capita is expected to deal more with extensive processes that incorporate more of nature into production and consumption rather than specifically intensifying production processes as in World-Economy Centrality. By identifying core processes, World-Economy Centrality may represent a unique variable that will act differently than other World-System indicators in other analyses. Perhaps a new avenue of research could contrast previous conceptualizations of World-System indicators and the new World-Economy Centrality.

With respect to the inclusion of control variables, World-Economy Centrality tends to be robust when multiple variables are included in the model. For comparative purposes by holding the cases constant, Model 5 with only the control variables does not improve the fit over a model with World-Economy Centrality, the lagged Carbon Dioxide Emissions 1990 and Population (model not included in Table 2). Holding the cases constant, the R square for World-Economy Centrality, the lagged Carbon Dioxide Emissions 1990 and Population is .961 compared to .953 in Model 5. When included, World-Economy Centrality remains significant and has the second largest standardized coefficients behind the lagged Carbon Dioxide Emissions 1990 in all of the models. Despite the inclusion of control variables, World-Economy Centrality retains its significance and relative strength in the equation. Alternatively, the control variables do not tend to have consistent results in the various models.

Some of the control variables have strong, significant results. Urban Population is positively related to Carbon Dioxide Emissions when World-Economy Centrality is excluded, but its effect diminishes as other variables are included. Urban population could be associated with more fossil fuel use, but once World-Economy Centrality is included, the effect of core processes takes precedence over urban environments. This would suggest that it is not just simply urbanization, but urbanization that includes core processes that drives carbon dioxide emissions. Arms Exports are also significant in the full model when included, but not in other models. This would tend to suggest that military industry may be minimally associated with activities that produce carbon dioxide emissions. Foreign Direct Investment is significant in Model 6 and 7 but opposite of the expected direction. The effects of foreign direct investment may vary by region of the world-economy and lead to different levels of carbon dioxide. In core nations, it may produce high technology, energy intensive, core processes, while in the periphery it may produce agricultural production or, more accurately, periphery processes. Once world-economy position is taken into account through World-Economy Centrality, foreign direct investment may lead to production processes in the periphery that tend to be more peripheral in nature. Foreign direct investment is a complex variable especially since it may actually follow economic growth instead

of promoting it (Babones 2009). The measure of inequality, GINI, is not significant in any of the models where it was included.

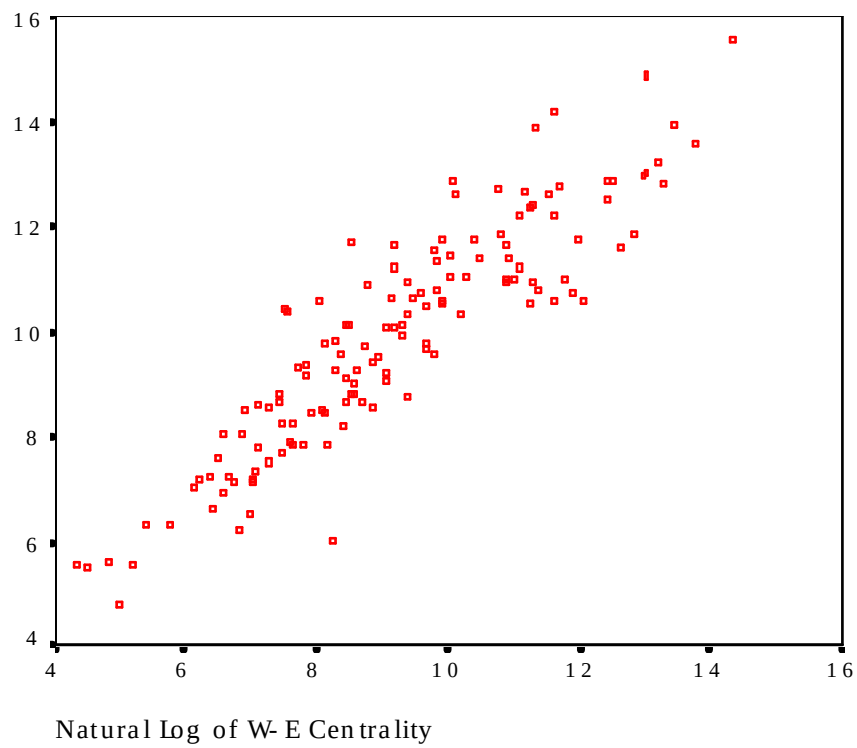
Table 2. Standardized Regression Coefficients for Carbon Dioxide Emissions: 128 nations circa 1999

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
N	128	128	128	128	114	114	114	114
R square	.959	.955	.959	.964	.953	.967	.968	.970
CO2 Emissions 1990 (LN)	.641*** (4.830)	.680*** (4.503)	.634*** (4.977)	.590*** (5.392)	.706*** (4.530)	.586*** (5.570)	.578*** (5.614)	.550*** (6.182)
Population (LN)	.098*** (1.527)	.231*** (2.470)	.127** (4.879)	.130** (4.881)	.217*** (2.993)	.163*** (3.207)	.230*** (6.394)	.215*** (6.566)
W-E Centrality (LN)	.304*** (4.415)		.252*** (14.390)	.309*** (15.070)		.368*** (9.810)	.260** (18.023)	.271*** (18.118)
GDP per capita PPP (LN)		.222*** (2.956)	.050 (9.633)	.119* (10.627)			.129* (11.634)	.155* (12.135)
FDI Inward Stock UNCTAD (LN)					.044 (2.868)	-.112** (4.617)	-.127** (4.782)	-.067 (7.404)
Arms Exports (% of total exports)					.012 (1.123)	.033 (1.154)	.030 (1.157)	.038* (1.201)
Urban Population (% of total)					.154*** (2.911)	.073* (3.394)	.056 (3.575)	.048 (3.629)
GINI (LN)					-.005 (1.308)	.029 (1.391)	.037 (1.432)	.019 (1.662)
GDP per capita PPP Squared				-.111*** (2.639)				-.079* (4.512)

*$p < .05$ **$p < .01$ ***$p < .001$
VIF Collinearity Statistics in parentheses

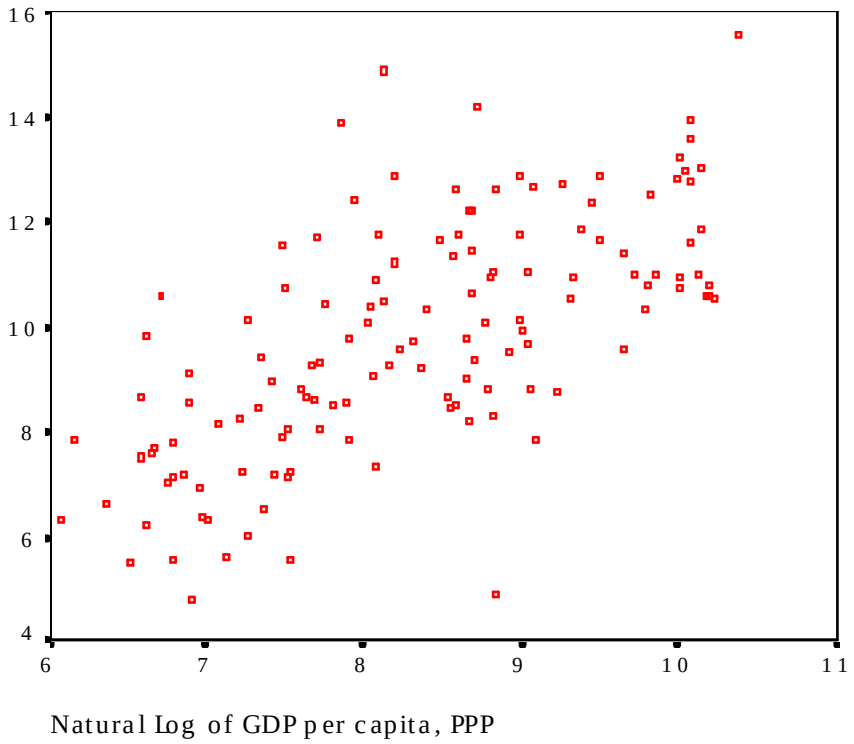
In general, the first two research questions tend to be supported. World-Economy Centrality tends to perform better than GDP per capita PPP, and World-Economy Centrality is robust with the inclusion of control variables. The final research question is a little more complex. In Model 4 and Model 8, GDP per capita PPP squared is significant but has the lowest, or next to lowest, standardized coefficients of the significant variables[3]. As Dietz and Rosa (1997), Roberts and Grimes (1997) and Roberts, Grimes and Manale (2003) suggest, GDP per capita squared does show a negative relationship with Carbon Dioxide Emissions. Roberts and Grimes (1997) suggest it is because some nations in the core are improving their efficiency while the periphery and semiperiphery are increasing their rate of emissions. While this argument may be accurate, the negative relationship of GDP per capita squared and carbon dioxide emissions may also be due to what GDP per capita actually measures. World-Economy Centrality measures the position in the world trade network. GDP per capita measures the average economic output per person in a nation.

Figure 1. Scatterplot of Carbon Dioxide Emissions (LN) by World-Economy Centrality (LN)



[3] In models (not shown in Table 2) where population was excluded and carbon dioxide emissions as well as World-Economy Centrality were percapitized, the relationship remained exactly the same between the included variables and GDP per capita squared.

Figure 2. Scatterplot of Carbon Dioxide Emissions (LN) by GDP per capita PPP (LN)



The distinction between what the two variables actually measure is important for understanding why a so-called environmental Kuznets curve may be found. GDP per capita is defined in a variety of ways: "economic development" (Jorgenson 2007b:842; Kick, et al. 2000:141; York, et al. 2003:288), a "country's wealth" (Grimes and Kentor 2003:269; Roberts, et al. 2003:282), "affluence" (Dietz and Rosa 1997:177; York, et al. 2005:141) or "capital intensiveness" (Kentor 2000:35-36). The range of definitions reflects the lack of conceptual clarity and theoretical grounding in its use. While dividing GDP by the number of people in a nation may seem straightforward, the reasons for nations to have varied populations and economic output are not. The ordering of nations by GDP per capita may result from a range of conflicting historical and geographic realities. Nations vary in geographic topography and size, allowing for more or less population. The geographic differences are compounded by the operation of the world-economy and the historical relationships between nations. As a result of the operation of the capitalist world-economy, many nations have been prevented from proceeding through the demographic transition (Foster 1994), resulting in high population growth. Even with nations of roughly similar GDP per capita, a variety of historical factors may be at work. The average economic output per person may result from social-democratic redistributive practices (Sweden), a high degree of wealth generation coupled with high inequality (South Africa), a confined geographic space with a relatively homogenous standard of living (Slovenia), a well-developed commercial/industrial sector combined with an extensive internal periphery (Canada), etc. In this way, GDP per capita organizes nations in a way that is

not easily discernable conceptually. A cursory look at the list of nations by GDP per capita reveals that it is not quite clear exactly what GDP per capita is measuring.

The Appendix compares World-Economy Centrality, GDP per capita PPP and Carbon Dioxide Emissions. In the list of nations for GDP per capita PPP, social-democratic European nations tend to be at the top with some of the largest economies in the world, but the most powerful core nations are excluded from the very top except for the presence of the United States. The European nations tend to be followed by Eastern European nations. It is not until the middle of the list of nations that nations like China, India and Indonesia appear. In this way, GDP per capita tends to disproportionately place more equitable nations with smaller economies at the top of the hierarchy. For example, of the top twenty-five emitters of carbon dioxide, China, Russia, India, Mexico, Brazil, and Thailand all fall well below the top twenty-five in GDP per capita. Many of these nations tend to be powerful, regional, economic actors. Compared to World-Economy Centrality, seven nations are included in the top twenty-five nations in GDP per capita that are not in the top twenty-five emitters of carbon dioxide: Greece, Israel, Portugal, Kuwait, Norway, New Zealand and Slovenia. It is difficult to find a coherent conceptual framework that would explain the close proximity of nations as diverse as Kuwait, Norway, Slovenia and New Zealand, or why nations like Ireland and Canada should be ranked higher than Germany and Japan. In contrast to the definitions used above, the order of nations in the hierarchy of GDP per capita is not necessarily by wealth, degree of affluence, level of economic development, penetration of industrial or post-industrial processes, etc.

What social forces lead the nations to be organized in this fashion? Unfortunately, GDP per capita does not capture a single, clear, causal mechanism, but incorporates many intertwined and contradictory influences. As a result of dividing economic output by the number of people in the nation, GDP per capita places European social-democratic nations at the top and very large emerging economies in the middle. This arrangement of nations would tend to demonstrate a curvilinear relationship with carbon dioxide emissions, but it is not the result of a specific, identifiable, causal mechanism. It is a statistical artifact of how the variable, GDP per capita, orders nations in the world-economy.

In summary with respect to the third research question, carbon dioxide emissions vary monotonically with position in the world trade network, World-Economy Centrality. I would argue that this relationship is found because the largest and most core economies tend to fall in a consistent hierarchy in the World-Economy Centrality variable. In general, the Jevons' paradox appears to be supported. As Jevons' paradox would suggest, there are no efficiency gains with more efficient technology associated with core processes. Those nations pursuing expanded accumulation, especially using core processes, continue to be those that produce the most carbon dioxide emissions.

In contrast, carbon dioxide emissions demonstrate a curvilinear relationship with GDP per capita. It is difficult to propose a clear relationship between carbon dioxide and GDP per capita, but it appears as though nations that tend to emphasize social-democratic governance and/or have successfully proceeded through the demographic transition have an advantage in reducing carbon dioxide emissions. While not exactly commensurable because of the differing definitions of core nations, this assertion tends to be supported by Roberts and Grimes (1997) argument that some core nations are improving carbon dioxide emission efficiency while periphery nations' efficiency is worsening. In effect, nations are not improving their environmental efficiency as they "progress," but nations who have successfully proceeded

through the demographic transition and developed strong social-democratic governance structures may be improving their rate of emissions while powerful economies expand emissions, and nations trapped below them also see their emissions worsen.

While this may be the case, the question still remains whether the ordering of nations by GDP per capita is what is meant by the environmental Kuznets curve. Would the smaller social-democratic nations like Norway, Denmark, and Netherlands be considered more affluent than the much larger economies of Japan, Germany, France, etc? Likewise, would Slovenia, the Czech Republic, Hungary and Costa Rica be considered more economically developed than China, India, Russia, Mexico, Brazil, etc? If not, then there is little support for the concept of the environmental Kuznets curve as well as possibly calling into question the application of GDP per capita in general.

CONCLUDING REMARKS

This paper focused on three fundamental research questions. Would World-Economy Centrality be a better predictor of carbon dioxide emissions than GDP per capita? Would World-Economy Centrality be robust in a variety of models with a number of control variables? Is there a curvilinear relationship between carbon dioxide emissions and World-Economy Centrality? To answer these questions, it was necessary to develop a new indicator of World-System Position to deal with a number of weaknesses in the previous indicators. The World-Economy Centrality variable includes many more nations than most other indicators, partially because it is not constructed as a composite variable. World-Economy Centrality has other advantages over composite variables. In the results, the variable indicating military development varied in strength and significance depending on the model. Foreign Direct Investment was significant in an unexpected direction. While this analysis analyzed carbon dioxide emissions, perhaps each of these variables may have stronger or weaker relationships with different dependent variables. If these variables were included in a composite variable, their varying effects would not be known.

The parsimony of the World-Economy Centrality variable allows for clear and direct ties to theory. World-Economy Centrality is designed to be associated with core processes in the world-economy by focusing on the incorporation of a nation in the network of world trade. Not only are the number of ties used, but also the strength of those ties as indicated by a combination of imports and exports. This simple design is not only clear in conception, the resultant hierarchy of nations is consistent with the theory from which it originates (Wallerstein 1976b; Wallerstein 2004). The theoretical ties to core processes may be directly responsible for the usefulness of World-Economy Centrality to explain carbon dioxide emissions.

The World-Economy Centrality variable appears to successfully address the research questions. World-Economy Centrality tends to better explain carbon dioxide emissions than GDP per capita and is robust with the inclusion of multiple control variables. In fact, World-Economy Centrality explained more variance than all of the control variables (when included in models with the lagged Carbon Dioxide Emissions 1990 and Population).

The question of whether carbon dioxide emissions vary monotonically with position in the world-economy is more complex. It is clear that there is a monotonic relationship with World-Economy Centrality, but there is still a curvilinear relationship with GDP per capita. While Roberts and Grimes (1997) raise serious doubts about the environmental Kuznets curve, I

still question what GDP per capita is measuring. While the relationship may be curvilinear, what does it really mean with respect to GDP per capita? GDP per capita creates distortions in how nations are ordered in the world-economy. Nations with large GDP's and large populations (i.e. China and India) are devalued in the world-economy relative to nations with similar or lower GDP's with much lower populations. Social-democratic nations tend to occupy the top echelon in GDP per capita, while emerging economies with large populations are relegated to the middle. Their impact in the world-economy is not lessened by a larger population, nor does it change that fact that there is a significant amount of productive activity within the nation. Perhaps the use of GDP per capita needs to be rethought to define exactly what is being measured.

The ability of World-Economy Centrality to better identify the impacts of core processes has direct implications for the STIRPAT model outlined by York, et al. (2003). The STIRPAT model is described as "environmental Impacts are the multiplicative product of Population, Affluence (per capita consumption or production), and Technology (impact per unit of consumption or production)" with the inclusion of an error term (York, et al. 2003:280-281). While population plays a very clear role in the equation and GDP per capita is meant to be representative of affluence, technology is usually considered part of the error term (York, et al. 2003:281). World-Economy Centrality is distinct from GDP per capita in that it includes technology as well as affluence by focusing on position in the world-economy and subsequently, the predominance of core processes. Given this distinction between core and periphery processes, new research could attempt to contrast World-Economy Centrality with other measures more associated with extensive processes in nature. While GDP per capita poses conceptual issues, could other measures of extensive processes be contrasted with World-Economy Centrality? It may be found that each will be more useful in predicting different types of environmental impacts. Those processes that are more acutely related to technology and "intensive" use of nature (Prew 2005) will be more likely associated with World-Economy Centrality, while processes associated with sheer increased consumption will be more associated with "extensive" processes and variables like population and GDP.

The development of the World-Economy Centrality variable provides potential for new avenues of research in the area of World-Systems and the environment, as well as reevaluation of previous models. The predictive power of the World-Economy Centrality variable is surprising given the supremacy of GDP per capita in previous research. World-Economy Centrality could be used to reevaluate prior research using other World-System position indicators. Because World-Economy Centrality is constructed from a dataset collected yearly, research could expand into time-series analyses. Are changes in carbon dioxide emissions or other environmental degradation variables consistent over time with position in the World-System?

Given the focus on climate change and the production of greenhouse producing gases, centrality in the world-economy provides a new insight into the factors giving rise to this important, contemporary problem. It is not mere economic size, but the production processes utilized. Contrary to assumptions about the reduction of environmental impacts due to increased efficiency, Jevons' Paradox appears to hold when it comes to carbon dioxide emissions. Public policy cannot rely on efficiency gains to reduce our contributions to greenhouse gases, but must recognize that efficiency may only increase production of greenhouse gas pollutants. The results of this study suggest that we should think critically about focusing on the efficiency of greenhouse producing processes such as so-called "clean coal" because they will only increase the amount of greenhouse gasses in the long run. Pressures placed on so-called developing

economies to increase their efficiency and reduce greenhouse gases may result in greater efficiency, but also greater production of greenhouse gases as they race to grow their economies to compete in the world-economy. The answer to the problem of greenhouse gases lies not in developing greater efficiency, but a fundamental shift in logic for our world-economy. Expansion can no longer be the driving force guiding our relationship with the earth. Since capitalism is an inherently expansionary system, we must find a new relationship with nature if we are to be sustainable into the future.

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Appendix. World-Economy Centrality and GDP per capita, PPP sorted by CO2 Emissions (Top 25 in each category are in bold)

	W-E Centrality	GDP per capita PPP	CO2 Emissions
United States	**1723821.625**	**32030**	**5495435.744**
China	**454984.563**	3370	**2825024.608**
Russian Federation	**107244.648**	6080	**1437339.568**
Japan	**708958.813**	**23890**	**1155163.936**
India	**81690.117**	2580	**1076988.832**
Germany	**975075.375**	**23620**	**792204.432**
United Kingdom	**551517.563**	**22240**	**539337.136**
Canada	**447958.031**	**25250**	**438628.432**
Italy	**431123.500**	**22780**	**422719.344**
Korea, Rep.	**248067.047**	**13200**	**393509.936**
Mexico	**269297.281**	7880	**378494.864**
Ukraine	23035.525	3590	**374306.912**
France	**581965.875**	**21860**	**359687.552**
Australia	**116706.055**	**23560**	**344445.312**
South Africa	47233.555	10430	**334581.824**
Poland	69820.773	8620	**314389.520**
Iran, Islamic Rep.	24627.186	5300	**301433.616**
Brazil	**100175.047**	6820	**300656.848**
Spain	**239808.125**	**18460**	**273667.824**
Indonesia	79127.383	2790	**235624.512**
Saudi Arabia	74756.570	12520	**235408.336**
Korea, Dem. Rep.	*-Missing-*	*-Missing-*	**208650.144**
Thailand	**109528.398**	5870	**199658.688**
Turkey	63841.840	5730	**198493.536**
Argentina	48139.895	11700	**137799.376**
Netherlands	**371387.813**	**25410**	134641.008
Venezuela, RB	32548.000	5350	125825.424
Malaysia	**153555.625**	7890	123652.672
Egypt, Arab Rep.	19628.051	3250	123586.720
Uzbekistan	4957.500	2210	116606.800
Kazakhstan	9553.851	4780	112836.544
Czech Republic	53453.359	13150	108853.776
Belgium	**302420.031**	**23570**	104438.656
Pakistan	17726.105	1760	98869.376
Algeria	22359.914	5870	90812.240
United Arab Emirates	54948.426	*-Missing-*	87976.304
Greece	34792.566	**15270**	85946.448
Romania	18283.934	5230	81205.232
Iraq	9672.900	*-Missing-*	74239.968
Philippines	63550.645	3610	73214.048

Colombia	22910.309	6680	63640.016
Chile	28784.859	8320	62515.168
Austria	**128240.102**	**24890**	61364.672
Israel	52972.723	**19080**	61126.512
Portugal	59687.145	**16450**	60001.664
Finland	**79165.117**	**22150**	58374.848
Belarus	11875.312	6600	57631.056
Hungary	52340.977	11050	56879.936
Syrian Arab Republic	6515.900	3200	53358.832
Denmark	**85086.789**	**26710**	49658.192
Kuwait	18062.697	**18180**	47969.088
Sweden	**142555.266**	**22110**	46580.432
Vietnam	14679.499	1810	46569.440
Libya	12875.432	*-Missing-*	42769.872
Bulgaria	9090.361	5850	42088.368
Switzerland	**172002.609**	**26720**	40578.800
Ireland	**106888.305**	**26230**	40413.920
Nigeria	19567.398	820	40388.272
Yugoslavia, Fed. Rep.	3151.310	*-Missing-*	39508.912
Norway	75397.781	**27810**	38710.160
Slovak Republic	20270.447	10890	38622.224
Morocco	15778.497	3340	35837.584
Azerbaijan	1857.600	2340	33628.192
Turkmenistan	1890.500	3070	32415.408
New Zealand	26776.322	**17860**	30773.936
Peru	11908.540	4410	30392.880
Bangladesh	10717.422	1430	25446.480
Cuba	4674.551	*-Missing-*	25376.864
Trinidad and Tobago	4913.330	7940	25087.408
Dominican Republic	9545.690	6340	23273.728
Ecuador	8528.300	3020	23266.400
Croatia	10983.020	8100	20789.536
Yemen, Rep.	3942.490	740	18257.712
Zimbabwe	3323.560	2700	17623.840
Tunisia	15931.300	5700	17480.944
Lebanon	6088.540	4070	16913.024
Estonia	15607.932	8330	16154.576
Jordan	4295.220	3720	14571.728
Slovenia	17891.510	**15280**	14425.168
Lithuania	7682.361	7370	13241.696
Cote d'Ivoire	7009.189	1560	12116.848
Macedonia, FYR	2581.920	5930	11376.720
Bolivia	2212.970	2230	11241.152
Angola	5444.099	2120	10270.192

Jamaica	3937.910	3460	10215.232
Guatemala	8602.200	4230	9672.960
Myanmar	2518.300	*-Missing-*	9200.304
Kenya	4713.601	980	8837.568
Sri Lanka	8569.920	3130	8647.040
Panama	5164.150	5690	8251.328
Mongolia	*-Missing-*	1650	7547.840
Latvia	5051.401	6450	6587.872
Uruguay	5328.899	8550	6547.568
Moldova	1689.100	1990	6496.272
Costa Rica	11554.600	10120	6118.880
El Salvador	5939.300	5070	5770.800
Ghana	4718.980	2060	5576.608
Ethiopia	1693.800	720	5503.328
Georgia	1247.800	2160	5375.088
Tajikistan	1427.960	980	5100.288
Honduras	7011.600	2680	5027.008
Bosnia and Herzegovina	3190.071	5290	4821.824
Kyrgyz Republic	1009.810	2460	4715.568
Cameroon	2770.440	1520	4693.584
Paraguay	3322.051	5100	4528.704
Botswana	*-Missing-*	6690	3876.512
Nicaragua	1780.900	*-Missing-*	3755.600
Senegal	2045.980	1360	3740.944
Gabon	4426.200	5730	3554.080
Nepal	*-Missing-*	1190	3319.584
Armenia	956.500	2250	3077.760
Mauritania	732.320	1840	3037.456
Sudan	1981.700	1770	2634.416
Tanzania	2061.820	470	2528.160
Mauritius	3447.190	8850	2469.536
Papua New Guinea	2427.570	2710	2425.568
Congo	1217.200	890	2403.584
Congo, Dem. Rep.	1760.300	780	2143.440
Madagascar	670.980	760	1897.952
Zambia	1457.160	720	1806.352
Albania	1163.320	3180	1513.232
Haiti	590.380	1880	1414.304
Uganda	786.430	1370	1370.336
Mozambique	505.180	960	1333.696
Togo	1114.070	1690	1326.368
Guinea	1124.730	1840	1264.080
Benin	846.420	890	1256.752
Niger	470.160	860	1135.840

Burkina Faso	719.320	1050	1014.928
Afghanistan	*-Missing-*	*-Missing-*	963.632
Malawi	625.380	570	769.440
Cambodia	1103.200	1590	674.176
Eritrea	*-Missing-*	1070	582.576
Rwanda	214.610	1100	564.256
Sierra Leone	327.290	430	542.272
Mali	907.960	740	498.304
Lao PDR	*-Missing-*	1420	406.704
Liberia	3844.659	*-Missing-*	399.376
Central African Republic	120.620	1250	267.472
Guinea-Bissau	74.050	890	260.144
Gambia, The	177.240	1860	252.816
Burundi	87.670	670	241.824
Namibia	*-Missing-*	6790	128.240
Chad	144.540	1000	120.912
Somalia	285.970	*-Missing-*	*-Missing-*
Lesotho	*-Missing-*	2160	*-Missing-*

THEORIZING THE RISE OF MICROENTERPRISE DEVELOPMENT IN CARIBBEAN CONTEXT

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ABSTRACT

Throughout the world development agencies and governments promote micro-enterprise development as a solution to the employment crisis and penury of the global south. But what brought about the unprecedented expansion and worldwide promotion of micro-enterprise development? As a case study on micro-enterprise expansion in the Republic of Trinidad and Tobago, this paper offers a grounded theory analysis based on semi-structured interviews with national and international officials active in micro-enterprise development. Themes drawn from the interviews demonstrate that the failure of past development policies and the neo-liberal response to these failures help explain why micro-enterprise development expanded vastly in Trinidad and Tobago. Theoretically, I draw from Luxembourg's (1951) and Nash's (1990) studies on subsistence or petty production under capitalism and the world-systems analysis of households (Wallerstein and Scott 1992a; 1992b) to develop a conceptual framework for understanding the expansion of micro-enterprise development under neo-liberalism globally. In this era, micro-enterprise development reflects two separate strategies of dealing with economic crises—informal or unwaged work and government transfer or social safety nets—merged into one.

INTRODUCTION

Throughout the globe development agencies promote micro-enterprises as an ideal solution to the employment crisis and penury of the global south (Isserles 2003; Itzigohn 2000; Johnson and Kidder 1999; Mosley and Hulme 1998; Dignard and Havet 1995; Grosh and Somolekae 1996; Rakowski 1994). Identified as a "hysteria," or a "revolution" of development (Gulli and Berger 1999), the unprecedented growth of micro-enterprise development is noted most in popular business magazines and specialty development journals.

Despite the rapid expansion of micro-enterprise programs there has been limited sociological investigation as to why micro-enterprise programs have captivated a host of development actors including the United Nations, governments, banks, non-governmental organizations, corporations and transnational agencies. A theoretical model explaining the worldwide proliferation of micro-enterprise programs is missing from major American sociology

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journals[1] and the sociological literature generally. This absence is striking, not only due to the upsurge of micro-enterprise programs in the last twenty years, but also because of the previous attention these journals gave to Third World development strategies and their recent attention to globalization. World-systems, dependency and dependent development theorists, modernization proponents and others presented analyses and engaged in debates on development subjects such as the impact of foreign investment and industrialization (Dixon and Boswell 1996; Firebaugh 1996; Muller 1989,1985; Bollen 1983); income inequality and development (Korzeniewicz and Moran 1997; Nielson and Alderson 1995; Peacock, Hoover, and Killian 1988; Stack 1978); and urbanization (London and Smith 1988, Bradshaw 1987, Kentor 1981). As a latest strategy of economic development, micro-enterprise programs warrant similar attention and interrogation from the political economic perspective as that given to previous modes of "Third World" development.

Definitions and Context: Micro-enterprises in Trinidad

Micro-finance, micro-credit, and micro-enterprise development refer to governmental, non-governmental, and private programs, international and national agencies, and banks and credit unions that lend small sums—from 50 dollars or less to 5,000 dollars or more—to individuals that are engaged or plan to engage in very small self-sustaining businesses that may operate as part of the formal or informal sectors. I prefer micro-enterprise development as opposed to micro-finance because it encapsulates the additional activities, such as "entrepreneurial training" and "savings skills," that agencies purportedly offer to micro-finance borrowers.

Micro-enterprise programs generally target self-employed or micro businesses (less than ten employees) that function as part of the informal sector including small production units, street vendors, and transportation service engaged in undocumented and unregulated economic activity (Johnson and Kidder 1999; Mosley and Hulme 1998; Grosh and Somolekae 1996). While women's self-started income generating projects may have been the original target of micro-enterprise development programs, most of Trinidad's current programs are gender neutral, although women are more likely than men (and this appears to be the trend globally) to use these programs (Grasmuck and Espinal 2000; Ehlers and Main 1998; International Labour Organization 1998).

Micro-enterprise programs engage in a wide variety of credit schemes. For instance, the Grameen Bank in Bangladesh, an early player and model for micro-lending programs, organizes women into groups of five persons in which two women are provided loans. Once these women have completed repayment, another set of women are permitted to borrow. The group is therefore implicated in the responsibility of repayment for each borrower. Other programs require borrowers to provide persons willing to sign as co-borrowers and/or provide some form of collateral such as a refrigerator. Some government micro-enterprise programs offer to secure the

[1] Including the *American Journal of Sociology, American Sociological Review, Social Problems,* and *Social Force*. *Gender and Society* has published articles on relationships between gender and micro-enterprises (Kantor 2002; Grasmuck and Espinal 2000; Ehlers and Main 1998). Portes, Guarnizo, and Haller (2002) examine the transnational network of micro-entrepreneurs but not the policy implication of micro-enterprise programs. Although related, much of the informal sector literature predates the promotion of the informal sector as an economic development solution in the form of microenterprises.

borrower. More micro-enterprise programs, however, are beginning to function as banks and give direct loans to a person who is independently responsible for repayment of the loan. In these cases, there is often a loan officer with an income that is dependent on the repayment of the loan. One of the economic leaders in the Caribbean, Trinidad and Tobago promotes itself as "a nation of entrepreneurs" and relies on the advancement of micro-entrepreneurs and small businesses to overcome the nation's problems with poverty and unemployment (International Labour Organization 1995, Ministry of Development 1996). Trinidad and Tobago, a former Spanish and British colony gained independence in 1962. Unlike other Caribbean nations, Trinidad and Tobago benefits from petroleum and natural gas resources. Yet a large percent of the earnings from this sector are exported abroad and few (about 5 percent) employment opportunities for Trinidadians and Tobagonians exist in the business of energy production that provides 40 percent of the nation's GDP (CIA 2008). Despite this seemingly favorable economic positioning in relation to the remainder of the Caribbean, Trinidad and Tobago's unemployment (about 10 percent) and poverty rate (about 20 percent) remains similar to other English speaking Caribbean nations.

While micro-enterprise development is being implemented in almost every nation of the global south it seems to hold a special appeal to rentier states such as Trinidad and Tobago. The majority of Trinidad and Tobago's micro enterprise programs are government sponsored, many with the assistance of funds from the World Bank, the International Labour Organization (ILO) and the United Nation's Development Programme (UNDP). These organizations have regional offices in Trinidad and sponsor programs throughout the Caribbean. Nationally based private institutions, including banks and religious organizations, also engage in micro-enterprise development.

Initiated by non-governmental organizations (NGOs) as a form of social assistance for women in the global south, growing micro-enterprises is now an economic development strategy. Along with large-scale industrial development (and sometimes in lieu), governments' also implement micro-enterprise program to increase the rate of economic growth. Supporters of micro-enterprise development suggest that micro-enterprises can grow into larger successful businesses that may be able to link up with larger domestic or foreign capital firms. Others look to micro-enterprises for creating employment opportunities through an increase in the number of micro-enterprises or by micro-enterprises expanding and requiring additional employees. Finally, government leaders in Trinidad and Tobago have suggested that micro-enterprises will lead to economic growth as they become competitive in the international trade arena.

As a case study on micro-enterprise expansion in the Republic of Trinidad and Tobago, this work offers a grounded theory analysis (Glazer and Strauss 1967) of the expansion of this internationally lauded development strategy. The analysis provided here examines government officials and development professionals' perspectives of how the overwhelming tide of micro-enterprise development hit the shores of the Caribbean. It is not a study of the effectiveness of micro-enterprises, for instance by determining under what circumstances they offer an opportunity for survival or an opportunity for economic growth. Nor does the data collected permit an assessment of whether micro-enterprise are necessary for development. Rather, the paper offers an incipient frame for explaining the fast and vast expansion of micro-enterprise development.

With few exceptions the sociological literature has not linked discussions of the informal sector with the phenomenon of micro-enterprise development (Osirim 2009, Jurick 2004,

Itzigsohn 2000; Rakowski 1994 are some exceptions). Broadly, studies of the informal sector have focused on determining its links with the formal sector (Light 2004; Waldinger and Lapp 1993; Portes and Sassen-Koob 1987), estimating the size of its expansion and relationship to the global restructuring (Freeman 2000; Waldinger and Lapp 1993; Castells and Portes 1988; Portes and Sassen 1987), and analyzing it as a gendered phenomena (Jurick 2004, Harrison 1991; Fernandez-Kelly and Garcia 1985; Barrow 1986). The political influence of informal sector workers in urban centers has garnered attention from sociologists (Cross 1998; Tripp 1997).
Although there is some recognition that the informal sector has mutated "from a problem of development into a solution for development" (Itzigsohn 2000; Poster and Salime 2000; Rakowski 1994; Tokman 1989), this paper provides an empirically grounded study of the phenomenon in Port of Spain, Trinidad and explains why micro enterprise development came to prominence in the mid-eighties[2]. I consider how informal micro-enterprises once considered anathema to development became a major development solution for Trinidad and Tobago and the Caribbean region.

An analysis of semi-structured interviews with national and international officials active in micro-enterprise development demonstrates that the failure of past development policies and the neo-liberal response to these failures help explain why micro-enterprise development vastly expanded in Trinidad over the last twenty years. In addition to interviews, I collected and reviewed documents produced by each of the development programs from which interviews were gathered that added to my findings on the expansion of micro-enterprise development[3]. Theoretically, I draw from Luxembourg's (1951) and Nash's (1990) studies on subsistence or petty production under capitalism and the world-system analysis of households (Wallerstein and Scott 1992a; 1992b) to develop an original framework explaining the expansion of micro-enterprise development. Although based in the Caribbean context, this study may have general applicability due to the international and monolithic character of micro-enterprise development and the similar patterns of economic development framed by neo-liberalism in the Caribbean and some Latin American countries.

The next section reviews economic development in the Caribbean and presents a political economic critique. This is followed with the introduction of a theoretical frame for understanding micro-enterprise expansion. I then discuss the methods, present my findings drawn from my interviews with micro-enterprise professionals, and conclude with a broader discussion on the implications of micro-enterprise development in the world-system.

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[2] Although there are few publications on micro-enterprise development in sociology journals and development journals (*World Development*, *Development Studies*), business journals (*The MicroEnterprise Journal*) often visit the subject. Yet these articles generally do not offer theoretical investigations but address practical concerns such as appropriate implementation strategies and widening program access.

[3] While the grounded theory analysis presented here is based primarily on interviews conducted with micro-enterprise professionals, it is also informed by interviews (45) and surveys (130) I conducted with micro-entrepreneurs in Trinidad and Tobago. Although in interviews micro-entrepreneurs describe the government as "unable to provide jobs" or that "they [government] have no place for us to work" and offered various assessments of micro-enterprise programs and reasons for their promotion, I do not rely on these interviews for the analysis presented here because of micro-entrepreneurs' limited engagement in the decision making process of national development strategies.

MICROENTPRISES IN ECONOMIC DEVELOPMENT

Modernization and Caribbean Micro-entrepreneurs

Under the modernization regime that dominated the post-colonial Caribbean, micro-entrepreneurs, originally referred to as petty producers, were deemed economically unviable—subsistence workers that existed outside the realm of economic development (Malaki 1996; Reddock 1994). Indeed for most modernization strategists small-scale informal enterprises were associated with pre-modern or traditional values and considered contraindicative of the progress identified with the modern, "Western," world (Geertz 1963; McClelland 1961).[4] In diverse regions across the globe, newly independent nations were recommended the same development strategies.

Lewis (1954), a major actor in Caribbean regional development, specifically disregarded small-scale enterprises in favor of large industry and emphasized foreign investment as the key component to building Caribbean economies. Caribbean development relied on "industrialization by invitation": a process of wooing foreign capital towards regional investment with tax break incentives, state funded production facilities, and deregulated employment conditions. He considered foreign investment essential primarily for two reasons: first, the scale of industrialization necessary to modernize the Caribbean economy was beyond the means of the island nations, thus requiring along with government investment external sources of funding (Malaki 1996; Lewis 1954). Second, Lewis believed that exposure to foreign capitalists was necessary to acculturate local actors to the practice of business; the local private sector was considered limited in skills and capital and had no role to play in industrial development. The business and industry established by foreign capital would provide the necessary basis for future industry to develop via downward linkages. Quite contrary to the current stress international development agencies place on small local enterprises to solve problems like poverty and unemployment, past development strategists rejected and devalued these type of initiatives assuming foreign capital and culture to promote growth.

Lewis's schema, influential beyond the Caribbean, divided the post-colonial economies into two separate components: a) a traditional sector, consisting of informal small-scale enterprises that were not driven by expansion but largely produced to meet basic consumption needs, and b) a modern capitalist sector, primarily interested in the generation of profits (Malaki 1996). Because the modern capitalist sector would offer wages higher than the earnings available in the traditional sector, workers would eventually migrate from traditional or informal work to formal employment. Once the majority of workers were absorbed into formal employment, there no longer would be an "unlimited supply of labor" (Lewis 1954). Eventually, labor scarcity would drive up formal sector wages marking the "turning point" of economic advancement. The formalization of labor would increase the purchasing power of the population, lead to a reduction of inequality, and rapidly increase the rate of economic growth.

Unfortunately, Lewis's design for Caribbean development did not arrive. Foreign investment in Caribbean industrial development, outside of petroleum in Trinidad and Tobago

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[4] Geertz argued for the debilitating role small informal enterprises play in economic development. He states, ". . . the trader is perpetually looking for a chance to make a smaller or larger killing, not attempting to build up a clientele or a steadily growing business" (Geertz 1963:35).

and bauxite in Jamaica, was hardly forthcoming (McBain 2005). Rather than the formalization of the labor force, regionally post-colonial development is marked by overurbanization whereby the urban population grows faster than infrastructure and industry so that most workers either earn an income in the service sector, through informal means or are left perpetually seeking an income source (Davis 2006; Smith 1995; Timberlake and Kentor 1983; Roberts 1978).

Development Disappointments and the Revised Role of Microenterprises

Throughout the Caribbean and Latin American region, the 1980s told a similar story—with few exceptions nations that implemented the recommended modernization strategies were economically debilitated with debt and limited economic growth—marking it as the "lost decade" for development in the region. Although better off in terms of GDP per capita than its neighboring islands, Trinidad and Tobago also witnessed a rise in poverty, unemployment, and income inequality (Dookeran 1996; Girvan 1997). International development agencies greeted the economic suffering of citizens by reprimanding their governments and not directly confronting the misleading promises of modernization. Rather, the World Bank, the IMF, commercial financial institutions and US interests grouped together as the Washington Consensus, blamed the explosion of unemployed, underemployed, and informal workers in the Caribbean and Latin America on the state-led economic development they had once promoted (Keily 1998; McMichael 1996; Kenworthy 1995).

While modernization may have been a capitalist and politically driven program, the neo-liberal policies prescribed in the wake of its failure gave transnational corporations immense power to shape national economies (Davis 2006; Sites 2002; Klack 1998; Portes 1997; McMichael 1996). Along with privatization and free trade, this includes the endorsement of an entrepreneurial culture and limiting government's role in employment creation, the provision of social services, and regulation. Nations not incorporating and promoting the capital-favoring ideas of neo-liberalism are threatened with exclusion from global economic integration. From the eighties onwards, neo liberalism or free market economics became the dominant paradigm for economic development endeavors (Fiss and Hirsch 2005).

Besides state blaming, policy makers have provided very little discussion on the failure of the modernization project to produce the kind of development it had envisaged. During its period of theoretical prominence modernization thought predicted that in a twenty to thirty year period post-colonial nations would achieve a level of development similar to advanced capitalist nations. While this prediction seems far-fetched now, policy makers assumed that the Third World would be catapulted forward through engagement with advanced capitalist nations. One of my concerns with the current fervor over micro-enterprise development is that it portends a similar outcome to modernization. The lack of any strong theoretical grounding or consideration of the historical role of micro-enterprises or discussion of their earlier notoriety makes the current advocacy of them as an economic cure all even more problematic.

Both critics and supporters of capitalist expansion into the global south initially identified small scale or subsistence workers as a liability to successful development. While Lewis (1954) and modernization thinkers generally expected these enterprises to disappear as workers entered into industrial employment, Marxists depended on it—wage workers were the foundation of the socialist revolution (Nash 1990; Mattera 1985). Economic survival outside the industrial sector was not examined as part of the relations of capitalist production and considered inimical to

labor's resistance. Both modernizationists and Marxists overlooked the value of unwaged labor or the subsistence sector to capitalist development.

Early feminist scholarship on women's unpaid reproductive work has demonstrated best the oversight of the contribution of non-wage household labor to the accumulation of capital (Luxembourg 1951). Particularly among poor and low-income households women's reproductive duties are extended to ensuring the economic survival of their families. Feminists illuminated the economic contributions that women made to the household through their informal enterprises that were absent in quantitative labor force analyses and gendered conceptions of work (Prugle and Tinker 1997; Truelove 1990: Fernandez-Kelly and Garcia 1985). Subsistence labor and petty trade and production are examples of household strategies often utilized by women to make ends meet when formal wages are insufficient, absent, or unavailable, thereby subsidizing capital accumulation (Freeman 2000; Hsiung 1996; Harrison 1991; Mies 1986). The perpetuation of these types of non-wage strategies into modernity was captured theoretically as the "informal sector" (Portes and Benton 1983). Associated with highly exploitive labor conditions and the inability of capital to create formal job opportunities, the informal sector was evaluated as one of the major failures of development.

Over the last two decades independent informal workers began to garner positive attention by researchers, policy makers, and international institutions that once dismissed them. The change in nomenclature—the term "micro-entrepreneur" replaced terms like "informal worker," "subsistence provider," and "income-generation" or "petty producer"—encapsulates a revised conception of informal small-scale businesses by development professionals. That a group of workers previously perceived as the dregs of society or the result of failed policies have been recast as exemplars of development exhibits a complete conceptual overhaul of the role of informal petty producers and household survival strategies to economic development.

There are few explanations for understanding how, after decades of dismissal and neglect, micro-entrepreneurs were refigured as a solution to the poverty, unemployment, and limited economic growth in the global south. The productive capacity of micro-entrepreneurs may help explain the recent drive to assist them (Tokman 1989). Several studies, de Soto's (1989) in Lima, Peru most notably, document the capacity of micro-enterprise to generate economic growth. These "legalist" scholars argue that although neglected (Tripp 1997) or deterred by the state (de Soto 1989), micro-enterprises have sustained Third World economies and in some cases kept them from collapse. De soto (1989) and others claim that states encourage the growth of the informal sector by imposing costly regulations that interferes with free enterprise (Weiss 1987; Portes and Benton 1984). These informal enterprises are not only self-created employment, but also provide affordable goods and services to persons who would otherwise not have access to them. Therefore, the extension of assistance to these informal micro-entrepreneurs may reflect development professionals' recognition of the economic contributions of these marginalized workers.

Another explanation for the support of micro-entrepreneurs, which deserves further exploration, is the recognition of the informal sector as a political constituency (Cross 1998, Tokman 1989). For example, because the autonomy and flexibility of their work allows for impromptu participation at political protests and events, micro-entrepreneurs such as street vendors are an attractive constituency to politicians. Micro-entrepreneurs may gain support from factions of the state in exchange for patronage (Cross 1998). Programs to assist micro-

entrepreneurs could be connected to election year campaigns so that political interests may control the assistance micro-enterprise programs are provided.

Finally, some have pointed to the loosening of the World Bank and IMF agenda from strict neo-liberalism. The outcry at the increase and persistence of poverty and unemployment after more than a decade of structural adjustment policies has pressured the IMF and the World Bank to address these increasing inequalities (Walton and Ragin 1990). Currently, both these organizations formally support the expansion of micro-enterprises as a development strategy sponsoring meetings, forums, and focus groups on the topic.

While useful, these explanations for the expansion of micro-enterprise development still do not provide a deeper theoretical basis for understanding how informal micro-enterprises that once were depicted as a hindrance and then a failure of development have become a premier development solution. Limited explanation exists as to the historical conditions that lead to the emergence of micro-enterprise development in the mid-eighties or what informs its popular appeal.

Globalization and the Double Duty of Unwaged Labor

The analysis provided here marks the expansion of micro enterprise development as the transformation of the role of non-waged labor or household survival strategies in capitalist expansion and crisis. The failure of previous programs for economic advancement left policy makers to seek development or employment creation in household survival strategies that overwhelmingly are a response to these failures and the crisis of capitalism, generally. Below I show that assisting micro-entrepreneurs has come to serve as a form of social assistance replacing traditional government transfers. By limiting the avenues for governments and development agencies to provide social assistance or aid development, neo-liberalism plays a crucial role in sustaining the makeover of petty producers into micro-entrepreneurs and in recreating the role of household survival strategies in late capitalism.

The lack of early theorizing of micro-enterprises also is related to paradigms that neglect to conceive of women as economic actors. While Tinker (2000) and others working within the modernization paradigm argued for the incorporation of women into large scale industrial development, many feminists, working with a world-system orientation, challenged the gendered conception of work and quantitative labor force analyses that missed and dismissed women as primary income earners and their income earning strategies. Feminists have expressly elaborated the economic contributions that women made to households through their informal enterprises (Truelove 1990; Osirim 1992; Fernandez-Kelly and Garcia 1985).

Rosa Luxembourg (1913) illuminated first that women's unpaid reproductive work subsidizes the accumulation of capital. A theoretical Marxist, she argued that by overlooking the contribution of non-wage household labor the process of capitalist accumulation had been misestimated (Dunayevskaya 1991; Luxembourg 1913). Luxembourg (1913) explained that for capitalist accumulation to occur, a non-capitalist subsistence sector is necessary; in her analysis poorly paid industrial workers with their own economic endeavors could overcome the failure of capitalist enterprises to provide living wages and makeup for the state's limited response to human needs.

The world systems analysis of households (Wallerstein and Smith 1992a) further advances the structural role of subsistence work and petty production to the survival of the

capitalist world system. Wallerstein and Smith explain that under global capitalism " . . . the proletarian are condemned to remain partial wage workers . . . " and that ". . . in a capitalist world-system, wages can never be the sole or even principal mode of payment of the vast majority of the world workforce . . . " (Wallerstein and Smith 1992b:254). Throughout the trajectory of capitalism households have relied on several means of meeting economic needs including rents, transfers, subsistence, and market transactions. Market transactions, including informal sector activity, increase and decrease depending on the state's capability of allaying the inequalities capitalism renders. As Wallerstein and Smith (1992b:258) explain:

> In so far as the state and large corporation wish to eliminate or reduce the petty market operations for a variety of reasons (ranging from the elimination of competition to police control to the aesthetics of urban life) welfare is essential. In so far as there is a reduction in welfare, there must necessarily be a resurgence in petty market operations (including those that are formally illegal . . .).

With micro-enterprise development, households' abilities to shift between state welfare and petty market operations for making up income in households are less available. Expanding and assisting petty operations *is* a major form of social assistance in Trinidad and Tobago, throughout the Caribbean, and in much of the global south. As a strategy of economic development, the focus of micro-enterprise programs on petty market operations, subsistence or household survival strategies displaces the creation of formal employment; government and capital are relieved from the onus of providing employment and the burden placed on the poor and unemployed. Welfare or government transfers and petty market operations have merged into a single method for household to make up the limits to or absence of wages.

In other words, micro-enterprise development is a constitutive force of neo-liberal policies. Nations left with high rates of unemployment, increased poverty, and a decline in formal and government job opportunities under SAPs, offer up micro-enterprises as a way out of financially stricken circumstances. Micro-enterprise development is the fusion of two historical strategies to overcome capital's crisis—informal self-employment and government transfers. For many governments' in the global south as well as NGOs tied to international funding, supervising and supplementing micro-enterprise programs is the primary avenue for assisting the poor and unemployed. No longer can the poor and unemployed volley as easily between social programs and independent means of earning an income—both of which bolster the overarching system of capitalism, but also sustain lives.

DATA AND METHODS

Grounded Theory

The constant comparative method of data analysis documents emerging categories while coding data and making a comparison of codes both within and between categories. Although not a linear process this approach provides a method for the "systematic discovery of theory from the data of social research" (Strauss and Corbin 1990). While there is a course to completing grounded theory, guidelines for collecting and analyzing are flexible and offer a set of general principles

and "heuristic devices rather than formulaic rules" (Charmaz 2:2006; Atkison, Coffey, and Delamont 2003). It requires the researcher to continuously sort through developed categories, integrate them, abandon them, refer back to data and return to the written text, demanding the researcher to be both flexible and reflexive (Glaser and Strauss 1967). Prior to the development of theoretical concepts and frames, themes are derived from an analysis of data that is typically collected by the researcher doing the analysis.

Although codes and themes regarding the expansion of micro-enterprise development began to emerge while I was still in the field, the deeper analysis began during transcription. I transcribed each interview verbatim and began noting the recurrent themes. During the final analytical stage that includes reviews of the transcribed interviews, field notes, and documents produced by the Trinidad and Tobago government ministries and the various micro-enterprise programs, I formalized the themes presented in the findings. These themes then lead to a conceptual frame for understanding the expansion of micro-enterprise development in Trinidad and Tobago that may (or not) apply to other nations.

Data

I made two separate research visits to Port of Spain, Trinidad; overall I spent 6 months in the field between summer 1998 and Spring 2001. The programs from which data were collected include all government-run and international programs, programs sponsored by credit unions and private banks, and larger religious based programs aimed at Trinidad's urban population. I did not interview participants in small religious based micro-enterprise program and three or four programs that focused on agriculture development.

I used various sources to identify Trinidad's micro-enterprise programs. An ILO publication (1998), the "National Directory: Organizations Working with Small and Micro Businesses, Special Focus on Women Entrepreneurs," provided a description and contact information for a number of the programs (the booklet includes both general micro-enterprise programs as well as programs accessible only to women) from which I collected data. The librarian at the Small Business Development Corporation (SBDC) helped with a list of all active micro-enterprise programs. It happened that during the period of my research the rise of micro-enterprise programs was rather acute so that I learned of several new programs by watching local televised news and reading the daily papers and during interviews.

I interviewed more than forty-five individuals who work or worked in various capacities in government ministries, international non-governmental organizations, private institutions, or local non-governmental organizations and were dedicated to micro-enterprise development. Many of the interview participants had worked in the development sector their entire work lives; over seventy five percent had more than a decade of work experience in the development. The majority of interviews (sixty percent) were conducted with state officials, a quarter was conducted with NGO representatives, and about fifteen percent took place with professionals in private institutions such as development banks. The distribution of interview participants is proportional to the distribution of the micro-enterprise development program type. In other words, the majority of programs are state-run, followed by non-governmental programs; more recently and, for the time being, least actively, private institutions are also engaging in micro-enterprise development. There are slightly more women than men in the interview pool, probably because women tend to direct and work the few women-centered micro-enterprise programs.

Trinidad and Tobago is the most ethnically diverse nation in the Caribbean. African Trinidadians and Indian Trinidadians each makeup approximately 45 percent of the population; the remaining ten percent is made up of Whites, Chinese, and Lebanese/Syrians. Among the government workers or field officers interviewed, the majority are African-Trinidadians. An equal number of African-Trinidadians and Indian-Trinidadians government program leaders were interviewed. African-Trinidadians have historically participated at all levels of the state employment system, and the United National Congress (UNC), the Indian Trinidadian dominated party, that controlled government during my period of data collection, markedly increased Indian-Trinidadian representation in higher-level government positions. Many of the workers and leaders of local non-governmental organizations I interviewed were African-Trinidadian women. For the most part micro-enterprise professionals in international organizations were not Trinidadians but citizens of other developing countries.[5]

Half of the interview participants were heads of programs--for instance vice-presidents, directors, or chief executive officers--who are responsible for the administration and direction of programs. A quarter of the interviews were conducted with heads of programs also active in the field, being directly involved with persons who sought program funds or training. Another quarter of the interviews was conducted with field workers, who, engaged in various aspects of micro-enterprise programs such as promotion or fundraising. They were primarily responsible for working with micro-entrepreneurs. When possible, I interviewed both heads and field officers of a program. Interviewing a range of actors in micro-enterprise development helped me gain a richer picture of why micro-enterprise development is so strongly advocated in Trinidad and the extent to which the state and other agencies that work in the interest of poor and low income have come to rely on it to meet the needs of their client population. I learned about everyday administrative problems and the practical concerns of addressing the needs of individual micro-entrepreneurs. Many of the interviews were conducted with persons who had been involved during the initiation of micro-enterprise programs to gain perspective on factors contributing to a program's inception.

Finally, I conducted interviews with high-ranking government officials in the Ministry of Trade, Ministry of Planning, Ministry of Gender, Ministry of Sports and Youth Affairs, and the Trinidad and Tobago Tourism and Industrial Development Company (TTIDCO), who are more broadly involved in the implementation of micro-enterprise development as a government economic policy. In addition, I spoke with NGO representatives from Working Women, the Network of Non-governmental Organizations for the Advancement of Women, and the Caribbean Association for Feminist Research and Action (CAFRA). These are organizations that address micro-enterprise development as part of their overall focus on the empowerment of women. I

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[5] To maintain the anonymity of the interview participants, I do not provide the race and gender of participants or refer to specifically to the organizations they work in the methods or findings. To maintain the anonymity of the interview participants, I do not provide the race and gender of participants or refer specifically to the organizations they work together in the methods or findings. While I describe and present numerous characteristics of interview participants including race, gender, job status, place of employment, and years in service, they are intentionally disaggregated to preserve the anonymity. For the same reason I have not created a table. Trinidad and Tobago has a population of a little more than a million and its professional class, based on my own assessment and Trinidadian colleagues is small enough that participants possibly would be identifiably if two or more characteristics were provided together.

also spoke with the micro-enterprise professional at the Inter-American Development Bank (IDB). Lastly, I spoke with sociologists and economists and regional development consultants. Along with conducting interviews, I reviewed government documents pertaining to micro-enterprise development in Trinidad. Many times the government officials with whom I met were kind enough to offer me copies of published and unpublished documents or at least to inform me of a document's existence and location. All in all, I reviewed approximately twenty-eight documents. Librarians of government Ministries were most resourceful in directing me to publications that related to my subject. Non-governmental organizations were also generous in providing me with access to their organization's policy statements and documents. Reading and summarizing these documents confirmed and supported my analysis of the expansion of micro-enterprise development in the Caribbean.

THE RISE OF TRINIDAD'S MICROENTEPRISE PROGRAMS

What induced the sudden increase in the number of Trinidad's micro-enterprise programs? In just ten years the nation jumped from one well-established program to more than fifteen substantial programs (many of which were instigated by the state) and a number of smaller programs. All of the micro-enterprise professionals I spoke with pointed to national economic difficulties when explaining what instigated the inception of their respective programs and micro-enterprise development generally. Limited foreign investment, structural adjustment programs, and the lack of employment opportunities dominated discussions on the relationship between micro enterprise development and the nation's economy in the mid-eighties.

The lack of foreign investment in the Caribbean beyond extractive industries is a visible failure of modernization. Although nations did their best to lure them, foreign capitalists never invested in local development in the Caribbean as Lewis had predicted. As a vice-president of government small business development agency explains:

> Trinidad has not been able, I don't think any of the islands have been able to do it, have not been able to attract foreign investment. We try and encourage them to use our market access arrangement through various trade agreements, but that has not been very successful in terms of attracting foreign investment. You can't wait on the foreign investor, you have to do it internally, and generate the jobs and generate the employment opportunities from you own resources. And this is what we have been encouraging the Caribbean to adopt . . . We hadn't been moved from that principle previously, with oil boom in the late 1970s, early 1980s we had gone into large enterprises, multi million dollar type of things, and we had neglected the small business sector tremendously for the last ten fifteen years. So we felt that we needed to get to basics in terms of developing a strong small business sector, and using that, twofold, one to deal with the unemployment situation, and secondly, creating linkages with the bigger businesses.

The statement above reflects the recognition by many Trinidadian officials of the bias in the scale of early development projects. When foreign capital did come to the Caribbean, it was usually to

gain profits from investing in the extraction of natural resources. To the extent that foreign investment was made in the petroleum sector, it did serve as a base for development in Trinidad and Tobago. Located seven miles off the coast of Venezuela, Trinidad and Tobago has access to the off shore petroleum reserves located in this geographical zone. The hike in oil prices in the early seventies created enough revenue for the nation to support infrastructure development and to initiate manufacturing and tourist sectors. When world petroleum prices began to decline in 1982 and take another dip in 1987, the nation lost much of the revenue it relied upon. The nation's attempts at economic diversification were too limited to absorb the financial losses in the petroleum sector. In addition, assuming future profits from petroleum, government leaders had borrowed largely to finance further development and build an international line of credit (World Bank 1995). By 1986 Trinidad and Tobago's debt had reached 891 million US dollars. Through the 1980s Trinidad and Tobago maintained a negative economic growth rate and the GDP per capita, $6000 US in 1982, was halved by 1992 (World Bank 1995).

Trinidad's micro-enterprise programs come partly as a response to the lack of foreign investment in the region. Industrialization projects such as manufacturing plants that would create stable formal employment never materialized as a major sector of employment (Malaki 1996). Although Trinidad and Tobago has been able to secure foreign investment in its petroleum and natural gas industry, this sector employs just three percent of the population. As the leader of the state's youth micro-enterprise training program admits:

> I think that its not tough to recognize that big business is not in fact creating sufficient job opportunities to absorb all the school leavers and stuff. Entrepreneurship is being encouraged; micro-entrepreneurship is being encouraged. Again this is recognition—there is a limit to the creation of wage employment. You now have to find alternatives, and the alternative is, of course, entrepreneurship.

The modernization project failed to provide sufficient employment for Trinidadian workers and for a period economic growth came to a standstill (Griffin 1997). Guided by modernization thought, these development professionals focused mostly on the lack of foreign investment when explaining initial difficulties in labor and economy. Yet Lewis (1954) and others overlooked the necessity of subsistence, unwaged labor, or small flexible units of production for capitalism. The formalization of all workers into large-scale industrial production is a false principle of modernization that misled many post-colonial development strategies and resulted in large-scale debt.

Unemployment and SAPS

A lender to the IMF until 1984, the Republic of Trinidad and Tobago turned to the institution in 1988 to reschedule the debt it had incurred to international commercial banks. The IMF forced the nation to undergo a process of structural adjustment reforming the entire economy. Ushering in the age of neo-liberalism, free trade, and globalization, structural adjustment programs (SAPs), which were implemented throughout the Caribbean, are associated with the socio-economic descent of many Caribbean and Latin America countries.

SAPs mandate the reduction of state expenditures on social programs. Between 1986 and 1992 Trinidad and Tobago's social expenditures declined by 47 percent, decreasing the quality and availability of health and education services to the general public (Theodore 1993). Government subsidies on basic food items for assisting the very poor were reduced or discontinued. In addition, to increase its revenue the government implemented a value-added tax (VAT), a fifteen percent tax on every item formally sold in the country. These changes raised the cost of basic living items and economically strained the low-income residents. By the end of the 1980s one of the most problematic changes in Trinidad and Tobago was the acute rise in income inequality (Development Cooperation 1996).

SAP programs also demand the reduction of the state employment role as well as the privatization of state controlled industries. State employment was the prime source of formal employment for African-Trinidadian workers. Between 1985 and 1989, government reduced its labor force by almost thirty thousand workers (Theodore 1993). Remaining state employees suffered a ten percent reduction in salary. The official unemployment rate doubled, reaching twenty-five percent. During the same period approximately 120,000 Trinidadians, or about ten percent of the population migrated to the US to seek employment (Economist Intelligence Unit 1998, World Bank 1995). Between 1982 and 1990, over ten thousand workers were recorded in government statistics to have entered informal self-employment (Theodore 1993). In the late 1980s over 35 percent of population was living below the poverty line (Ministry of Social and Community Development 1996).

With state employment restricted by IMF requirements and losses in the private sector, the government increasingly moved towards micro-enterprises as an employment creation solution. As a government official explains:

> In what—'86? '87?—the unemployment rate reached probably 25%, something like that. So the government felt that they needed things to stimulate, um, employment, particularly self-employment, to encourage a lot of people who had been retrenched and displaced from wage employment to get involved in activities.

A worker in the Ministry of Gender and Culture that runs the Second Chance program responding to my question, " When did micro-enterprise development take off?" states:

> I would think '87, '88, '89, when government felt that we couldn't employ, but maybe people who are going into their own enterprises would be able to make sustainable livelihoods for themselves. We had moderate recovery in the middle nineties, and you know, recovering from that recession, but the problem is we are having jobless growth. We had the recession from oil, and after that we went into structural adjustment and it meant that unemployment went up; it was in the twenties for both men and women.

Many micro-enterprise professionals pinned the spread of micro-enterprise development directly to the implementation of structural adjustment policies. For many government and development professionals self-employment or micro-businesses seems to present the only way out of unemployment. As the micro-enterprise official in the Ministry of Gender explained,

"Trinidad may be experiencing economic growth, but it is jobless growth." Although structural adjustment programs were to resolve the failure of past development strategies or as neo-liberals claim the excesses of the state, over a decade later many Trinidadians are economically stressed with difficulties in making ends meet and unable to find satisfactory employment.

Structural adjustment programs wiped out government transfers that both waged and non-waged workers need and rely upon. The increase in the percentage of Trinidad and Tobago's workers who became informally self-employed after the implementation of SAPs demonstrates the inverse relationship between government transfers and petty market operations. What is unprecedented is the transformation of these survival strategies into programs of economic development. Caribbean households have historically relied on women's self generated income, yet in the past these strategies were considered a burden to economic development. Micro-enterprise development marks a novel transformation of how households are to survive under capitalism and the role of the state in their survival.

Ideological Consistency

Trinidad's micro-enterprise officials attribute the expansion of micro-enterprise development to the failure of past policies. Yet interviews revealed that ideological forces also play a central role in the expansion of micro-enterprise development. The two themes that developed across interviews, social safety net and profitability, suggest that micro-enterprise development is promoted because it can be construed as consistent with the principles of neo-liberalism. As private enterprises that compete in the global marketplace, micro-enterprises serve as a market-driven solution to the social and economic problems faced by the global south.

A Safety Net Under Globalization

With limits on state employment, the removal of state subsidies, and an ending of government regulation, micro-enterprise professionals and development workers identify micro-enterprise development as a workable strategy to address poverty and unemployment. A young worker in the Ministry of Social & Community Development provides an excellent summary:

> It is the way the whole country is moving, . . . you know you saw, and not just here, it was kind of a world wide thing away from the welfare state, ok well you know the whole paradigm shift away from being just a welfare state, free market kind of thing. So as oppose to we are just going to give hand outs, we want people to start to do things. So if I give you some money I expect that, you know you are going to get into some business, and make it sustainable, so I am going to help you out, but I expect that you will maintain the business, sustainability, right? And in that, of course, so I've helped you and then you in turn because you have your little business, all your linkages right? So you are going to employ two people, and those two people will be able to send their children to school, so that we are going down the road right, all the social support, you could see it. You could see it, right?

One of the underlying assumptions of the current promotion of micro-enterprise development is that the poor and low-income can create their own means of economic survival rather than choosing to depend on government transfers. Along with recognizing macro-economic failures, micro-enterprise professionals follow neo-liberal analysis and primarily blame state created dependency for the nation's poverty and unemployment. The director of a women-centered government micro-enterprise program describes the culture of dependency as a "gimme-gimme syndrome." Neglecting the historic use of self-employment by Caribbean women, he like other professionals identify micro-enterprise development as a vehicle for ending "dependency" and a route for economic security for the poor and low income in the era of globalization. Administrators of micro-enterprise programs repeatedly referred to their programs as offering a different kind of social safety that is needed in the context of globalization. A UNDP official explains the relationship between globalization and micro enterprises:

> The relationship I can best look at is the social safety net. This government has a policy of a social safety net for the less fortunate in our community. This government is promoting micro credit program as part of catching the fall out of globalization if you like, or addressing the ones that might fall through. By helping people build opportunities and livelihoods where they do not depend on the state or charity for their existence.

Although micro-enterprise professionals accept the critique of state dependency and the logic of neo-liberalism, their experience in the field also leads them to conclude that the economically distressed require some form of assistance or safety net. They may also be influenced by the legacy of social programs that the Trinidad and Tobago government had promoted even during colonialism. A regional ILO officer describes the shifts in employment and social strategies in the Caribbean islands. He further elaborates the relationship between globalization and the advance of micro-enterprise development:

> Some years ago they didn't need anything other than strict employment, took care of thirty years in one place, the salary was sure, all the benefits was there, and that was it. So you didn't need to strain yourself, so the need to strain came with difficulties at the international level, all right, so then the need to now look for alternative, that is what drives the micro. The emphasis has been providing a safety net under globalization that has been the major goal. Most Small Enterprise Development Units (SEDUs), are for example from the early 1990s, that's why it's really a response to globalization.

Globalization is at once a set of economic circumstances and a set of biases on how to respond to these circumstances. Although post-colonial states have always been constrained in development choices (Evans 1979), the structural adjustment policies many of these nations have agreed to further diminish their ability to offer secure employment and traditional forms of social assistance. Many of the professionals I interviewed, who have worked for years in the field of development, continually pivot around the various requirements of national and international bodies and policies to create development. Currently, micro-enterprise programs provide one of the only avenues for development actors to remain ideologically consistent with neo-liberalism

and circumvent international criticism to remain players in the global marketplace while attempting to address poverty and unemployment.

Yet by doing so, micro-enterprise professionals conflate social assistance with petty market operations. In effect, relying on micro-entrepreneurs to create and sustain employment begins to relinquish the state from subsidizing capitalism via transfers to households. Although micro-enterprise programs may provide some kind of assistance, the burden of making up capitalism's wages shortfall is placed on the exploitation and self-exploitation of micro-entrepreneurs.

Sustainability and Profitability

The acceptance of neo-liberal principles for solving unemployment and creating economic development has also altered the principles of development organizations that were once comfortable providing social assistance. As this statement made by a UNDP official leading the agency's micro-enterprise program in Trinidad expresses:

> Bottom line this is business, and as much as you could have the social agenda and the environmental agenda and whatever, when it comes to business activity, there are business principles. That has nothing do to with your understanding about development or anything, that is straight business, and that is in a sense the value system, that the sort of commercial world has taught us, an economic point.

The UNDP has formally and consciously changed their mission. Rather than presenting themselves as an aid agency, they now ascribe to a program of sustainable development. That is development that can be sustained without financial contributions and without government involvement in redistributing national economic gains. Development agencies and governments have recast petty producers as the most micro units of neo-liberalism. Under this guise they warrant assistance because they are perceived to be seeking sustainability and profitability.

In addition, changes in technology and in laws over moveable property rights have made small loans lucrative for large banks. Neo-liberal reformers find micro-enterprises attractive not only because they seem to exercise business principles but also because they offer a new area for capital investment. Private banks and international financial institutions are moving into micro-enterprise development or micro-finance to make gains on the interest on loans provided to the poor and low-income to develop enterprises. As the micro-finance director in a development bank explains:

> We are a private institution and we will make money, we are not in this for charity ok. We are not an NGO. So we are into sustainability up front, not charity, most of international organizations now are saying hey stop giving away money, its not a limitless supply, we need to start seeing some return, we need to start seeing people get profitable. Give away money has limited entrepreneurship to an extent; so, you see give away money is fine for charity. Give away money is not for entrepreneurs and when we give money away toward our entrepreneurs we kill their drive to fight, and so I think that has been actually an impediment to entrepreneurship, not just in Trinidad but also in the Caribbean.

The sharp critique of NGOs performance in assisting micro-entrepreneurs offered above reveals the claim that private banks and interests are moving in on a sector they previously rejected as unprofitable or had no means of making lucrative. Up until the last decade, the private sector showed little interest in micro-enterprise development. Loans to micro-entrepreneurs were considered risky, with high administrative costs and limited profitability, and thus beyond the scope of commercial banks.

Self-employment has been so widely practiced in the Caribbean and a major means of household survival that NGOs offering assistance could hardly impede the success of these enterprises. A more important issue, and one that needs more comprehensive study, is understanding whether and how they have assisted micro-entrepreneurs. Rather than being appreciated as harbingers of the current expansion of micro-enterprise development, NGOs are critiqued for interfering with business development. As a leading IDB official working with the government to change legal codes over moveable property rights states:

> I find that its a lot easier to get a financial institution to become a little bit more like an NGO than it is to get an NGO to become more like a bank. You know, all these NGOs will tell you how successful they are, but if you get in there and you really look at their books you find there are huge gaps. I think if you are dealing with an NGO who has a social welfare focus, too many cases they require a subsidy to exist, and that is not what the micro-entrepreneurs need long term. You need an organization that is going to stay around and I think the commercial banks will be around a lot longer than the NGO.

Whereas self generated income earning projects serve households as a method for making up the limits of wages when the state could not or would not, in the current era they also provide a way for governments and development agencies to delegate social assistance and are fast becoming an arena for capitalist accumulation. The new profitability of micro lending helps drive the expansion of micro-enterprise development because it affirms neo-liberalism.

The fundamental argument made by micro-enterprise professionals in private or financial enterprises is that micro-lending agencies assist micro-entrepreneurs best when they profit or at least maintain sustainability from the loans they provide. Of course, such a claim requires further empirical assessment, but the belief in such an argument elucidates the misunderstood role of the small informal enterprises that these institutions target. Micro enterprises historically are created when the state does not provide sufficient transfers and because the private sector does not offer sufficient formal employment or wages.

Not all micro-enterprise professionals advocate profit as the organizing principle of their agencies, but they do acknowledge the pressure of neo-liberal reforms. A lending consultant from one of Trinidad's older micro-enterprise program explains, "We realize that we may have to operate like a financial institution, so that means that it's going to put you very close in line to operating like a bank, and this is something the founders are trying to shy away from." Even agencies with the high goal of mitigating poverty must couch the assistance they offer micro entrepreneurs in neo-liberal terms to garner sufficient support for their program.

MICRO-ENTERPRISE DEVELOPMENT AND THE CRISIS IN CAPITALISM

The awarding of the 2006 Nobel Peace Prize to the Grameen Bank and Yunus Muhammad, a pioneer of microfinance and the bank, suggests that micro-enterprise development has reached considerable popularity for resolving a host of economic and now social problems in the global south. That micro-enterprise development has carried over from the "developing world" to developed contexts—presently there are over 400 programs situated in poor and low-income communities in the US—reflects its acceptance as a panacea for poverty and unemployment everywhere (Schreiner and Woller 2003; Ehlers and Main 1998; Rodriguez 1995). With the current tumult of the global economic crisis and worldwide loss of employment opportunities, micro-enterprises are sure to remain an attractive solution.[6]

While micro-enterprise development is internationally promoted as a way to solve poverty and unemployment for post-colonial nations, it is an especially attractive policy for the Republic of Trinidad and Tobago. A small island nation, Trinidad and Tobago has difficulty drawing foreign investments outside the capital-intensive energy sector and creating sufficient employment opportunities. Previously neglected for larger industrial projects, micro-enterprises are depended upon by many government officials for diversifying the economy and creating job growth at the rate of four percent per annum.

Although Trinidad implemented the recommended policies of modernization, the traditional sector materialized as an urban phenomenon as it did across the globe (Roberts 1978). The inability of the formal sector to absorb workers depleted Lewis's argument that developing economies would reach a turning point of labor supply that would lead to higher incomes and greater equality. The evidence was on the streets; individuals, families, and children were selling services, produce and products to make a livelihood. In almost every post-colonial city, households were turning their homes into production units and business facilities creating their own means of employment. Challenging modernization, de Soto (1989) demonstrated that the urban informal sector was a buttress to national economic development, drawing the attention of Latin American policymakers to the economic utility of micro-enterprises.

No longer discarded as survival strategies and least of all admonished for hindering development, informal petty producers are lauded as model citizens (Itzgsohn 2000). The new perspective on the role of micro-entrepreneurs in national economic development and support for their assistance coincides with the downward spin of the global south economies in the 1980s; in 1985 GNP's dropped throughout the world. This crisis of global capitalism lead to a series of policy changes; market principles were prioritized and the state removed from economic development.

A foundational tenant of neo liberalism, the rhetoric around the efficiency and effectiveness of the private sector buttresses arguments that government programs created state dependency and hindered entrepreneurialism—a sentiment consistent with the neo-liberal thought globally. Yet claims of dependency and limited entrepreneurship overlook the legacy of micro-enterprises or petty trade and production in the Caribbean—rather than turning to a state that may or may not provide the needed assistance, households create their own sources of income.

Government officials and development professionals characterize micro-enterprises, formal or informal, no matter the size or activity, as examples of entrepreneurialism and private

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[6] In June 2009 Kiva.org, one of the largest on=line micro-lending agencies that serves global south countries started offering loans in the US.

initiatives. In essence, petty producers are now the foot soldiers of neo-liberalism. Yet referring back to the work of Luxembourg (1913) and Wallerstein and Smith (1992a, 1992b), unwaged labor has always been essential for the expansion of capitalism. Although modernization proponents such as Lewis imagined the disappearance of the traditional sector or labor outside large scale industry, they miscalculated not only the inability of this sector to absorb all potential laborers but also that the system of capitalism requires labor in the non-capitalist spheres to retain its elasticity and stability (Cliff 1969).

The conjecture of structural, ideological, and technological conditions documented in this study created a context in which micro-enterprises appears as a promising solution to the failures of past development policies. The current indebtedness of post-colonial nations or the "third world debt crisis" can largely be attributed to national borrowing encouraged by modernizations proponents, like Lewis, and many development scholars and practitioners in the US during the late fifties and sixties. In a somewhat ironic twist a solution to the current poverty and unemployment of the global south, that SAPs and past borrowing have helped to create, is more borrowing—but this time by individuals and households of the global south rather than nations. The expansion of micro-enterprise development demonstrates an increased reliance on unwaged or non-formal labor to make up the shortfall of formal sector wages in the world-system. Micro-enterprise development gives new meaning to the declaration that "the proletarian are condemned to remain partial wage workers" (Wallerstein and Smith 1992b).

Finally, the distribution of micro-credit is fast becoming another way for international financial institutions to profit from workers in the Caribbean and beyond. With an increasing portion (possibly the majority) of Caribbean workers involved in employment outside the waged formal sector, micro-credit is a mechanism through which international capitalists can make economic gains from self-employed workers. By offering credit, international finance agencies profit from the interest on loans made to micro-entrepreneurs. Even in our weak economic environment, micro-lending is considered a stable investment opportunity (Littlefield 2008). This new relationship between banks and petty producers demonstrates the very strong case Luxembourg (1913) makes against Marx's oversight of the non-capitalist sphere, in essence that capitalism depends on the existence of non-capitalist (informal and non-waged) formation into which it can expand (Cliff 1959).

International reliance on self-created employment seems to misdirect the attention of states and development agencies from creating employment opportunities that offer security, regulated labor conditions and wages, and social benefits such as retirement plans and maternity leave (Scully 1997). Future research is needed to determine if micro enterprise programs actually increase economic opportunity or place the burden of employment creation on the unemployed and the marginalized themselves. The "little businesses" unemployed or underemployed workers create must compete with international capital, as well as negotiate the ebbs and flows of the global economy. As the current centerpiece to international development, more research needs to be conducted exploring how assisting micro enterprises or earnings outside the formal labor market can be made into a systematic and long term solution to poverty and unemployment. Under what conditions can micro-enterprises sustain secure livelihoods rather than remain a knee jerk response to the failures of modernization?

Our current moment breathes new interest in development policy especially those that target unemployment. Can the current crisis be bandaged with programs that result from capitalist favoring ideologies or have we reached a more critical state? Will the conceptual framework

developed here, in which two methods of surviving capitalism merge into a single outlet, be repeated elsewhere and workers even further burdened with a crisis they did not create? We are hinged on a new age in development—the relationship of global and national economic policy, unemployment, and micro-enterprise should garner some interest.

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DEBT, STRUCTURAL ADJUSTMENT, AND NON-GOVERNMENTAL ORGANIZATIONS: A CROSS-NATIONAL ANALYSIS OF MATERNAL MORTALITY

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ABSTRACT

We begin this study by considering dependency theory claims regarding the harmful influence of both debt and structural adjustment on maternal mortality. We expand upon previous research by conducting the first cross-national study to examine the impact of health and women's non-governmental organizations on maternal mortality. In doing so, we use lagged dependent variable panel regression for a sample of sixty-five poor nations. We find substantial support for dependency theory that higher levels of debt service, structural adjustment, and multinational corporate investment are associated with increased maternal mortality. Initially, we find no support for world polity theory that health and women's non-governmental organizations are significantly related to maternal mortality. However, we respecify our original models in order to test the idea that democratic nations provide a "political opportunity structure" that improves the ability of health and women's non-governmental organizations to deliver health and other social services. We find substantial support for this hypothesis. The results indicate that both health and women's non-governmental organizations are associated with decreased maternal mortality in nations with higher levels of democracy than in nations with lower levels of democracy. We conclude with a discussion of the findings, theoretical implications, methodological implications, policy implications, and potential directions for future research.

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INTRODUCTION

The World Health Organization (2007) estimates that the total maternal deaths in 2005 was 536,000. This means that 400 women worldwide die per 100,000 live births. However, an overwhelming majority of these deaths occur in the poor nations of the world. The maternal mortality ratio in poor nations is equal to 450 deaths per 100,000 live births (e.g., 533,000 total maternal deaths) compared to just 9 deaths per 100,000 live births in the rich nations (World Health Organization 2007).

According to dependency theory, debt repayment and structural adjustment may partially help to explain why maternal mortality is so high in poor nations. Debt service drains already scarce capital away from investment by the government, which reduces spending on public health and other social service programs (George 1992). Similarly, structural adjustment requires nations to cut government spending to correct budgetary imbalances (Peet 2003). This too usually involves cuts in the health, education, and other welfare spending and may lead to increased maternal mortality.

Despite these apparent linkages, cross-national research has yielded some contradictory findings. Shen and Williamson (1999) find that debt service is associated with increased maternal mortality. However, they do not include a measure of structural adjustment in their analysis. Buchman (1996) finds no relationship among debt service, structural adjustment, and maternal mortality. She attributes this finding to the maternal mortality data only being available at one time point for a limited number of nations.

This study reconsiders and expands on existing research in several ways. First, we consider the dependency theory claims concerning the influence of both debt and structural adjustment on maternal mortality. In doing so, we use the most recent data available on maternal mortality from the World Health Organization (2006), which are available for a larger number of nations. However—because debt and structural adjustment reduce the ability of governments to provide social services for their populations—it has been argued by world polity theory that non-governmental organizations have taken greater responsibility in delivering health services in poor nations (Inonue and Drori 2006**;** Boli and Thomas 1999; Bratton 1989). As such, non-governmental organizations, especially health and women's non-governmental organizations, should be correlated with decreased maternal mortality (Mercer et al. 2006, Mercer et al. 2004). However, this claim has yet to be empirically examined in a cross-national context. We address this gap in the literature by conducting the first cross-national study that considers the impact of both health and women's non-governmental organizations on maternal mortality.

We now turn to a review of dependency theory predictions about debt and structural adjustment. We then consider world polity hypotheses about health and women's non-governmental organizations. Next, we elaborate upon the reasons for including other theoretically relevant predictors in the cross-national models (e.g., gross domestic product per capita, economic growth, education, democracy, public health expenditures, domestic investment, multinational corporate investment, and total exports.). Finally, we conclude with a discussion of the findings, some policy implications, and possible directions for future research.

DEPENDENCY THEORY: DEBT AND STRUCTURAL ADJUSTMENT

The dependency perspective argues that international economic exchanges and unequal power relationships between rich and poor nations are detrimental to the poor nations of the world.[1] In essence, rich nations become wealthy by exploiting the cheap labor and resources of poor nations (e.g., Evans 1979, Amin 1976; Frank 1967). In recent years, a substantial body of cross-national research has been published in an attempt to provide empirical tests of different propositions drawn from dependency theory. Some of the earliest cross-national studies in this tradition tended to incorporate measures of dependency based upon export partner concentration and commodity concentration (e.g. Moon and Dixon 1985). The cross-national research focusing on a later period tended to focus on dependence upon multinational corporations (e.g., Lena, and London 1993; London and Williams 1988; London 1988; Bornschier and Chase-Dunn 1985). A different, more recent strand of cross-national research shifts the focus to various types of dependency, generated by the debt crisis especially the impacts of debt service and structural adjustment lending (e.g., Buchman 1996; Bradshaw et al. 1993; Bradshaw and Wahl 1991; Walton and Ragin 1990). Our study follows in the debt and structural adjustment tradition.

From above, dependency theory hypothesizes that high levels of foreign debt adversely affect health in poor nations (e.g., George 1992). The effects are typically linked to several factors. First, debt and interest payments drain already scarce capital and, as a result, inhibit economic development. The resulting capital drain reduces government spending on social, educational, and health programs, slowing any decline in mortality (Shen and Williamson 1999). This capital drain reduces the strength and flexibility of the government, making it difficult to take action when faced with social or economic crises. We note earlier that cross-national research has yielded contradictory findings regarding the effect of debt on maternal mortality.

Moreover, the "debt crisis" highlighted an inability of many poor nations to generate enough revenue to make payments on large foreign debts. The International Monetary Fund and World Bank responded to this problem by providing structural adjustment loans designed to resolve the balance-of-payment issues by rescheduling payments, renegotiating loan terms, and providing new loans (McMichael 2004). However, these new loans required indebted nations to adopt a variety of economic policy reforms in return for the money (Rich 1994). These austerity measures include devaluing currency, reducing government spending, liberalizing trade, and privatizing government assets (Peet 2003). The underlying logic behind these reforms is an attempt to stimulate economic growth and generate hard currency for debt repayment by increasing exports and decreasing spending (George 1992). While the "earn more" and "spend less" model may facilitate debt repayment, it also has the potential to increase maternal mortality in several ways.

First, structural adjustment loans usually require deep cuts in government spending to correct for budgetary imbalances (Barbosa 2001). The nature of the cuts has varied from nation to nation, but a common theme has been the reduction in the budgets and staffs of healthcare facilities (Mohan 2001). In other words, structural adjustment weakens the capacity of governments to provide healthcare services. For example, Cliff (1991) argues that government spending cuts led Mozambique to become highly dependent on foreign aid to fund health services

[1] In contrast, Bhagwati (2004) offers a detailed account of why economic globalization should benefit poor nations.

for its population. Therefore, donor agencies have become increasingly influential in healthcare policy making. This has led to an emphasis on *regional* projects rather than *national* programs (Buchman 1996). This "fragmented" or "patchwork" approach delays the establishment of a stable primary healthcare system (Bryant and Bailey 1997).

It is also important to note that budgetary cuts reduce or eliminate government subsidies for social services (Rudel 2005). This tends to increase the cost of health services and medication, thereby "pricing out" most people from basic care. It also severely impacts women. The removal of subsidies increases women's unpaid labor. When subsidized childcare is cut, for example, women provide free childcare for their families and neighbors. Further, women care for those who would otherwise have been hospitalized. The additional workloads tend to keep girls from attending school, which is a key factor associated with decreasing maternal mortality (Dankelman and Davidson 1988).

Second, structural adjustment programs require that governments promote economic activity consonant with their "comparative advantage" (Peet 2003). Put differently, nations attempt to increase export earnings in order to finance interest and principal payments (McMichael 2004). The most common way to achieve this is currency devaluation, which creates a demand for a nation's exports on the world market (Mohan 2001). With currency devaluations, however, the cost of drugs and medical supplies, which are imported from rich nations, substantially increases (Peet 2003). This reduces access for most of a nation's population. Similarly, currency devaluations make imported food more expensive (Rich 1994).

This also has specific implications for women. Higher food costs tend to be born by women in the household. Since food generally goes to men first and less food is available for children, women may compensate by eating only once a day and limiting their protein intake to only once a week (Dankelman and Davidson 1988). Consequently, malnutrition and anemia increase along with women's susceptibility to illness and pregnancy complications—both factors that contribute to maternal mortality (Buckingham-Hatfield 2000).

Many poor nations also meet increased demand created from the currency devaluations by expanding production and extraction for export, which may also increase maternal mortality (Rich 1994). The sectors targeted include logging, mining, ranching, and large-scale agriculture (McMichael 2004). The export of these primary products aggravates the gap between rich and poor nations. This is because the exchange of raw materials for manufactured goods is inherently unequal and the prices for primary products have experienced long-term declines relative to the price of manufactured goods (Frank 1967). The ability of the government to raise revenues is weakened. The resulting lack of revenue affects the funding of many health and social service programs, which could increase maternal mortality. The shift to large-scale agriculture also reduces the amount of staple crops being grown for consumption, which has the potential to increase women's malnutrition (Bryant and Bailey 1997).

Third, structural adjustment loans require governments to liberalize trade by removing barriers to foreign investment. This involves a variety of regulatory concessions and financial incentives (McMichael 2004). It also involves the selling off or privatizing of government assets (Rich 1994). The most notable financial incentives are "tax holidays" that involve exemptions of export duties, import duties, and corporate income taxes (Leonard 1988). Some common regulatory concessions include eliminating the minimum wage and "imposing political stability" (e.g., outlawing of strikes, protests, and unions or firing workers at will) (Shandra, London, and

Ross 2003). The purpose of the regulatory concessions and financial incentives is to stimulate investment within a nation to generate currency to meet debt payment obligations (Clapp 1998).

However, such regulatory concessions and economic incentives may translate into increased maternal mortality. Tax breaks and selling off of public enterprises may yield additional reductions in social service spending by eroding a nation's tax base because there is little new revenue being collected by the government (George 1992). This hampers the capacity of governments to provide health services, which are already limited by mandated cuts noted above (Buchman 1996). The privatization of government services also means that costs for the services increase, which limits access to only a small segment of a population. Moreover, foreign investors tends to repatriate most of their profits and displace local business, which slows economic growth within a poor nation and decreases money available for investment by the government in health and other social services that have the potential to reduce maternal mortality (Jorgenson 2009; Evans 1979). Finally, imposed political stability measures (e.g., outlawing strikes, protests, and unions) limit the power and prevalence of non-governmental organizations, social movements, and concerned citizens to pressure governments to provide basic social services that are lacking (e.g., healthcare, education, and sanitation)—see below for a complete discussion of how non-governmental organizations work to reduce maternal mortality (Ross and Trachte 1990).

Trade liberalization involving foreign investment by multinational corporations also has specific implications for women. It tends to generate some higher paying jobs (London and Ross 1995). However, the economic benefits of foreign capital are mostly concentrated among a small fraction of the local population so poverty remains pervasive (Evans 1979). This is especially true for women, who make up the majority of the workforce in the export sector (Abraham and Abraham 1988). As such, maternal mortality often remains high because women cannot access basic health services that are already expensive because of cuts to government subsidies (Sullivan 1983). Further, women that work in the export sector are often fired from their jobs if they become pregnant, which plunges them deeper into poverty (McMichael 2004).

We are only aware of one cross-national study that examines whether or not structural adjustment increases maternal mortality. Buchman (1996) finds no support for this dependency theory hypothesis. This is somewhat surprising because other cross-national research demonstrates the deleterious effects of structural adjustment on other types of mortality. For example, Shandra, et al. (2003) observe that structural adjustment is associated with increased infant mortality. Bradshaw et al. (1993) find that it is associated with higher levels of child mortality. Thus, we seek to reevaluate the relationship between debt service, structural adjustment, and maternal mortality using data for the most recent period for a larger number of nations than previously examined.

WORLD POLITY THEORY: HEALTH AND WOMEN'S NON-GOVERNMENTAL ORGANIZATIONS

The preceding discussion suggests one way structural adjustment increases maternal mortality involves "weakening" the government (Rich 1994). As government services are cut, world polity theory argues that non-governmental organizations are increasingly playing an important role in

meeting health needs in poor nations (Inonue and Drori 2006; Boli and Thomas 1999). This can occur in several different ways.

First, international non-governmental organizations provide financial and technical support for health services at the sub-national level (Smith 1995). In doing so, they seek to increase access to healthcare by building clinics, training staff, and organizing treatment campaigns. They also provide essential drugs to poor nations (e.g., antibiotics). For example, Save the Children funds community-based health programs in forty nations. The programs provide women with immunizations, prenatal care, postnatal care, and screening for high risk pregnancies—all factors that have the potential to reduce maternal mortality (Otchere and Ransom 2006). They also provide women with educational material about micronutrient supplements, birth spacing, and family planning. Further, Save the Children ensures clinics have appropriate obstetric equipment (e.g., blood pressure gauges, weighing scales, delivery kits, delivery beds, autoclaves, examination lamps, and incubators) (Orcherre and Ransom 2006).

The effectiveness of such programs in decreasing maternal mortality has been documented in poor nations (Baqui et al. 2008; Mercer et al. 2006; Mercer et al. 2004). For example, Mercer et al. (2006) find that maternal mortality declined in areas of Bangladesh where health non-governmental organizations were operating. The authors attribute this decline to health non-governmental organizations helping to establish a stable primary health care system. Their programs include providing health education pertaining to contraception and the importance of aseptic delivery (Mercer et al. 2004). These non-governmental organizations also employ “family health visitors,” who visit an allocated number of households every 1-2 months. Such visitors are responsible for basic health and family planning counseling, delivery of contraception, delivery of micro-nutrients, and mobilization of women to use satellite clinics and other permanent healthcare facilities. The non-governmental organizations also recruit and train medical personnel to staff the satellite clinics, which provide basic curative services, antenatal care, and postnatal care (Mercer et al. 2004).

Second, international non-governmental organizations propagate cultural norms and standards (Boli and Thomas 1999). This usually involves disseminating information, setting standards, and writing codes of conduct. For instance, the International Confederation of Midwives and International Council of Nurses works with the World Health Organization to improve technical skills and leadership capacities of midwives and nurses (World Health Organization 2002). Accordingly, these groups brought together midwives and nurses to identify ways to improve educational materials for health professionals. The effort was to develop training materials that improve maternal healthcare services in poor nations. As a result, six manuals were published based on the input from the participants. In fact, the manuals are considered "best sellers" among World Health Organization publications (World Health Organization 2002). The manuals remain in high demand and have been recommended as basic texts for training not just midwives but other health professionals requiring obstetric skills.

Third, international non-governmental organizations help to shape the language of international agreements on health related matters. For example, health non-governmental organizations have been involved in the negotiation of treaties dealing with landmines, environment, breast milk substitutes, tobacco, and public health standards (Boli and Thomas 1999). In the absence of resources and formal mechanisms of enforcement, they monitor compliance by governments with the treaties (Frank 1999). Consequently, international non-governmental organizations are in a position of pointing out embarrassing failures and

hypocrisies of nations, which puts pressure on governments to adapt their behaviors to international norms (Hafner-Burton and Tsutsui 2005). It is also an ideal occasion for non-governmental organizations to criticize the "parochial" views of assembled government leaders and contrast those views with their own ideas on global health problems (Bryant and Bailey 1997). A large non-governmental organization presence at international conferences reminds the public that alternative views exist on health issues than those put forth by governments and business leaders (Keck and Sikkink 1998).

The preceding discussion suggests that nations with high levels of health non-governmental organizations should be associated less maternal mortality. While we test this line of reasoning below, a nuanced variation of this should be considered. Shen and Williamson (1999) suggest various factors related to women's status tend to decrease maternal mortality. For example, educated women were more likely than uneducated women to seek prenatal care and, thus, be at lowest rick for maternal mortality (Boerma 1987). Moreover, educated women have greater access to information about nutrition, birth spacing, and immunizations as well (Buchman 1996). Further, women with higher levels of education also delay the age of first marriage, which decreases the childbearing years and the risks associated with giving birth before becoming fully developed physically (Buckingham-Hatfield 2000). Finally, many maternal deaths occur because women have more pregnancies than they want (Royston and Armstrong 1989). If women who do not want to become pregnant are empowered to exercise that choice, fewer women would die of pregnancy related causes (Royston and Armstrong 1989). One key source of empowerment may well come from the efforts of women's non-governmental organizations.

The projects and programs of many women's non-governmental organizations address health issues. Thus, women's non-governmental organizations should also help reduce maternal mortality. Like health non-governmental organizations, women's non-governmental organizations provide financial, technical, and organizational support to local populations. For example, the African Women's Development Fund finances community-based health programs with a special emphasis on women's issues. They also provide health professionals with obstetric training (African Women's Development Fund 2005). Moreover, CARE operates health programs with an explicit focus on women, infants, and children. The programs include training local volunteers to be counselors, mentors, and monitors of community health. The volunteers help detect infants, children, and pregnant women suffering from illness (e.g., malaria, acute respiratory infections, diarrhea, and vitamin deficiencies) earlier when diseases are more easily treated (CARE 2007). CARE also trains birth attendants, makes safe delivery kits available, promotes prenatal and postnatal care, provides information about birth planning, and transports women to health clinics for delivery. Currently, CARE operates fifty projects with a focus on mothers and children that have reached 9.5 million children in thirty-one poor nations (CARE 2007).

It is important to note that women's non-governmental organizations also conduct research and disseminate findings. The International Gender and Trade Network provides technical information on gender issues regarding human rights, health, intellectual property, trade, and agriculture. One report concerns the harmful impact of debt and structural adjustment on women (Williams 2007). This information has been used by women's non-governmental organizations, including the Women's Environment and Development Organization, to lobby for changes at the World Bank and International Monetary Fund. Further, the Association for Women's Rights in Development employs frames and discourses around issues like this to

encourage social movement activity within a nation (Keck and Sikkink 1998). As such, governments, corporations, and multilateral lending institutions are often "squeezed" from above by international non-governmental organizations and below by domestic social movements to attend to health issues (Schofer and Hironaka 2005).

Of course, women's non-governmental organizations implement programs and projects that deal with issues other than health (e.g., education, economics, etc.), which have the potential to reduce maternal mortality (Shen and Williamson 1999). For example, the Women's Empowerment Literacy and Development Organization has implemented the "Actions for Gender Responsive Economic Development" program that is aimed at improving educational and economic opportunities for women in Pakistan (Williams 2007). It does so by providing women with access to high quality secondary education opportunities especially in rural areas. It also provides participants with tuition scholarships to attend particular universities. This program not only seeks to increase access to education for women but also builds their capacity in resume preparation, interview preparation, and confidence building. The Women's Empowerment Literacy and Development Organization also operates a micro-finance program, which provides loans for women to start small businesses (Williams 2007).

Such programs may translate into less maternal mortality in poor nations for a few reasons. First, women, who have been educated and have more economic opportunities, are likely to marry later, delay childbearing, and have smaller and healthier families (United Nations 1995). Second, educated women and those with financial resources can recognize the importance of health care, know how to seek it for themselves and their children, and have the means to pay for such care (Shen and Williamson 2001). Third, educated and employed women also have greater influence in household negotiations, and this allows them to secure more resources for infants and children (United Nations 1995). Fourth, education helps women know their rights and gain confidence to claim them (Shen and Williamson 1999). Consequently, women may become empowered to exercise the choices regarding if or when to become pregnant, leading to a lower risk of dying from pregnancy related causes (Royston and Armstrong 1989). Finally, programs, like the ones described above, have the potential to raise the level of economic development in a nation by training women for jobs and mobilizing resources for economic growth that might otherwise not be available (Bradshaw and Schafer 2000). Higher levels of economic development are often associated with advanced medical technology and demographic changes that tend to lower mortality as well (Bradshaw and Schafer 2000).

The theoretical and anecdotal evidence suggests health and women's non-governmental organizations should improve well being in poor nations. In fact, cross-national research has examined the impact of non-governmental organizations on a variety of topics. For instance, Shandra (2007) finds that higher levels of environmental non-governmental organizations are associated with less deforestation. Schofer and Hironaka (2005) find that higher levels of environmental non-governmental organizations are correlated with lower levels of carbon dioxide emissions. Bradshaw and Schafer (2000) find a beneficial impact of international non-governmental organizations on overurbanization, economic growth, and access to clean drinking water. Frank, Hironaka, and Schofer (1999) find that environmental non-governmental organizations tend to increase the amount of protected land area. Schafer (1999) finds international non-governmental organizations are associated with increases in various measures of educational attainment. However, world polity insights have not yet been applied to a cross-national study of maternal mortality. We begin to address this gap in the literature by conducting

the first cross-national study to examine the impact of both health and women's non-governmental organizations on maternal mortality.

It is also important to note that we consider insights for other theoretical perspectives in our models. As such, we include several other variables that have previously been including in analyses of maternal mortality. They are gross domestic product per capita, economic growth, education, female education, public health expenditures, democracy, skilled health attendants, domestic investment, total exports, and multinational corporate investment. We provide a brief rationale for their inclusion below. However, we now turn to a discussion of our modeling strategy.

METHODOLOGY

We use lagged dependent panel regression analysis to account for change in maternal mortality. In this sort of analysis, the dependent variable at a recent point in time is regressed on itself and other independent variables at an earlier point in time. This design is represented in the following mathematical notations:

$$Y_t = B_0 Y_{t-1} + B_1 + B_2 X_{t-1} + E_t$$

The dependent variable (Y_t) is hypothesized to be determined by the lagged dependent variable (Y_{t-1}), the constant (B_1), the lagged value of the independent variable (X_{t-1}), and an error term (E_t).

Ideally, we would prefer to use a full difference model or a more sophisticated longitudinal research design (e.g., fixed-effects or random effects model)—see Brady, Kaya, and Beckfield (2007) for an in depth explanation and application of these methods. However, we are limited to the lagged dependent panel design due to data availability. In particular, we only have data at one time point (i.e., 1990) for two key independent variables—health and women's non-governmental organizations. Nevertheless, a lagged dependent variable model does have a couple of advantages over a cross-sectional research design. First, our approach helps rule out reciprocal effects and reduces threats of spuriousness, that is, the possibility that some other variable causes both the dependent and independent variables by including a lagged version of the dependent variable (Finkel 1995). Second, given the usually high correlation between the dependent variable at the two points in time in the model, this method yields very conservative estimates of the effect of the independent variables (Finkel 1995). Thus, the lagged panel design is viewed as a powerful tool for making causal inferences with non-experimental data (Allison 1990).

Of course, there are some potential limitations that should be addressed when using lagged dependent variable panel regression. First, it is possible that including a lagged variable may introduce serial correlation of errors or autocorrelation (Finkel 1995). However, this would produce a more *conservative* test of hypotheses because the effect of the lagged dependent variable is inflated relative to the estimated effects of the independent variables (London 1988). Nevertheless, we calculate Durbin-Watson statistics for each model. The results indicate no potential problems with autocorrelation. Second, heteroskedasticity may be problematic if the distributions of the dependent and lagged dependent variables are skewed (London and Ross 1995). Therefore, we transform the dependent and lagged dependent variables using the natural logarithm. We also compute Breusch-Pagan tests to determine if heteroskedasticity is

problematic (Menard 2002). The results of these tests indicate no potential problems with heteroskedasticity.

Sample

We include nations that are not classified as "high" income according to the World Bank's (2003) income quartile classification scheme.[2] We also do not include nations formed following the collapse of the Soviet Union because there are no data for these nations in 1990. We exclude high income nations because they are not the recipients of structural adjustment loans and do not have debt service obligations to the International Monetary Fund and World Bank. This yields a sample of sixty-five nations for which complete data are available. We follow the standard practice of checking for influential cases and outliers. There do not appear to be any potential problems with influential cases or outliers.

Dependent Variable

Maternal Mortality Ratio:
The dependent variable for this analysis is the maternal mortality ratio. The data may be obtained from the World Health Organization (2006). They are available for 2000. The maternal mortality ratio is the annual number of deaths of women from pregnancy-related causes, when pregnant or within 42 days of termination of pregnancy, per 100,000 live births (World Health Organization 2006). It is a measure of the risk of death to a woman from pregnancy, abortion, delivery, and problems encountered in the postpartum period (Boerma 1987; McCarthy and Maine1992). The lagged dependent variable is the maternal mortality ratio for 1990. Again, we log both variables to deal with potential heteroskedasticity problems. It is important to note that reliable estimates of maternal mortality are difficult to obtain because of widespread underreporting and misclassification (Rice 2008). Consequently, we use the adjusted maternal mortality data, which helps take into account these issues.

Independent Variables

Health Non-Governmental Organizations:
This is the first cross-national study to consider the impact of health non-governmental organizations on maternal mortality. We obtained the data from Inonue and Drori (2006). Like other world polity scholars (Shandra 2007; Schofer and Hironaka 2005; Boli and Thomas 1999; Frank 1999), Inonue and Drori (2006) rely on the most tangible and quantifiable source of information to gather these data, *The Yearbook of International Organizations* published by the

[2] There are seventy nations used in the analysis. They include Albania, Algeria, Angola, Argentina, Bangladesh, Benin, Bolivia, Botswana, Brazil, Bulgaria, Burundi, Cameroon, Central African Republic, Chad, Chile, Columbia, Congo, Costa Rica, Ecuador, Egypt, El Salvador, Ethiopia, Gambia, Ghana, Guinea, Guinea Bissau, Honduras, Hungary, Indonesia, Iran, Jamaica, Kenya, Lesotho, Madagascar, Malawi, Malaysia, Mali, Mauritius, Mexico, Mauritania, Morocco, Mozambique, Niger, Nigeria, Pakistan, Paraguay, Peru, Poland, Romania, Rwanda, Senegal, Sierra Leone, Sri Lanka, Swaziland, Syria, Tanzania, Thailand, Togo, Tunisia, Turkey, Uganda, Uruguay, Venezuela, Yemen, and Zambia.

Union of International Associations. This publication collects information on international organizations (e.g., location, history, goals, activities, finances, and structures) and classifies them by subject (e.g., health, human rights, science, environment, etc.). Inonue and Drori (2006) collected data on counts of *international* non-governmental organizations within a nation that are classified by the Union of International Associations under the "health" category. According to the *Yearbook of International Associations*, an international non-governmental organization is a non-governmental organization that has operations or members in two or more nations—see below for a discussion of the limitations of using this operationalization. The data are measured in 1990. We divide the count for each nation by the country's 1990 population size in millions from the World Bank in order to standardize the measure. We log this variable to correct for its skewed distribution. From above, we hypothesize that higher levels of health non-governmental organizations should be associated with lower levels of maternal mortality.

One potential limitation of the data is that they include only international non-governmental organizations. Domestic non-governmental organizations are excluded from the totals for each nation. This clearly underestimates the number of non-governmental organizations working on health issues within a nation. As Bradshaw and Schafer (2000) note, however, data on domestic non-governmental organizations are not widely available because domestic non-governmental organizations are often very small and, therefore, not registered with the government or other international bodies (e.g., World Health Organization). Further, some domestic non-governmental organizations may try to "disguise" their efforts from the government to avoid interference or harassment (Bradshaw and Schafer 2000).

Another potential data limitation pertains to the variable measuring the number of health non-governmental organizations per capita within a nation. This tells us nothing about the types of projects being undertaken or the amount of money being spent on health projects that may reduce maternal mortality. While this type of detailed data would provide a more accurate test of the relationship between health non-governmental organizations and maternal mortality, we are not aware of such data being available at this time for a large number of nations. However, if they become available, then future research would benefit greatly from their use.

Women's Non-Governmental Organizations:

We also include number of women's non-governmental organizations per capita for each nation. These data were collected by Woptika and Ramirez (2007), who collected the data for their study dealing with ratification of the *United Nations Convention on the Elimination of All Forms of Discrimination Against Women*. These data also come from *The Yearbook of International Associations*. Woptika and Ramirez (2007) collect the counts of all international non-governmental organizations within a nation that are classified in the "women" subject category by the Union of International Associations. We divide the counts for each nation by a nation's total population to standardize it for comparison across nations. We also log this variable to deal with its skewed distribution. This measure shares the same limitations as the health non-governmental organization variable. Like health non-governmental organizations, world polity theory hypothesizes that high levels of women's non-governmental organizations should be associated with less maternal mortality.

Structural Adjustment:
To capture the effects of structural adjustment, pressure, and conditionality required by the International Monetary Fund and other multilateral lenders, Walton and Ragin (1990) developed a conditionality index. It has been used previously by Shandra, London, and Williamson (2003), Bradshaw and Schafer (2000), Schafer (1999), and Buchman (1996). This index is the sum of four variables which include (1) the number of debt renegotiations between a country and an international financial body, (2) the number of debt restructurings experienced by an indebted nation, (3) the number of times a country utilized the International Monetary Fund Extended Fund Facility, and (4) the total International Monetary Fund loans received by a country as a percentage of its allocated quota. The variables are measured in 1990. The four components of the index are converted to z-scores and summed. The index effectively approximates structural adjustment because the International Monetary Fund imposes conditions in each of its negotiations and renegotiations with indebted nations (Walton and Ragin 1990). See Walton and Ragin (1990) for a more detailed discussion. We hypothesize that structural adjustment should be correlated with increased maternal mortality.

Total Debt Service Ratio:
In addition to the pressure to adjust their economies under structural adjustment, indebted nations must continually service their foreign debts. Therefore, it is also important to control for debt service as well as structural adjustment. This approach has been used previously by Bradshaw and Schafer (2000), Schafer (1999), and Buchman (1996). Thus, we also include the average sum of principal and interest payments in foreign currency, goods, or services on long-term public and publicly guaranteed private debt with maturity of one year or longer as a percentage of goods and services exports in 1990. As mentioned earlier, we expect total debt service should be associated with more maternal mortality.

International Monetary Fund and World Bank Debt Service Ratio:
As suggested by dependency theory, we also include the average debt service ratio that covers long-term public debt and repayments only to the International Monetary Fund and World Bank. The data are measured as a percentage of exports of goods and services for 1990. Like total debt service, this variable should also be associated with higher maternal mortality.

Multinational Corporate Investment:
We also include multinational corporate investment as a percentage of gross domestic product per capita for 1990 in the models. This is an important variable to control for because structural adjustment often recommends that poor nations boost foreign investment in order to receive a loan. These data may be obtained from the United Nations (2003). We log this variable to correct for its skewed distribution. According to dependency theory, multinational corporate investment should be associated with increased maternal mortality (Jorgenson, Dick, and Mahutga 2007).

Total Exports:
We also include total exports as a percentage of gross domestic product in the models. We do so in order to determine the effects of debt service and structural adjustment independent of the trade

structure of a nation (Jorgenson 2003). The variable is measured in 1990. Dependency theory posits that higher levels of exports should be associated with increase maternal mortality.

Domestic Investment:
We also include a measure of domestic investment as a percentage of gross domestic product for 1990. We log this variable to deal with its skewed distribution. It is standard to control for this variable when considering the impact of foreign investment (Jorgenson 2009). We hypothesize that domestic investment should be associated with decreased infant mortality because it increases revenue available for investment by governments via taxes for social services.

Gross Domestic Product:
As is standard in such analyses, it is incumbent on us to take into account a nation's level of development in order to make sure that any effects discovered are independent of a nation's level of wealth (London and Ross 1995). In this regard, we employ a measure of gross domestic product per capita at parity purchasing power for 1990. All data may be obtained from the World Bank (2003) except where noted. We log this variable to correct for its skewed distribution. Buchman (1996) finds that this variable decreases maternal mortality. This is because economic development tends to bring a higher standard of living, advanced medical technology, and demographic changes that tend to lower mortality (Rostow 1990). Rice (2008) and Bulato and Ross (2003) among many others find that gross domestic product per capita is associated with lower levels of maternal mortality. We expect to find a similar relationship.

Economic Growth Rate:
We also include the average annual economic growth rate from 1980 to 1990. It is generally thought that economic growth should be related to less maternal mortality because more capital is available for investment in health and other social services (Kelly and Cutright 1980). Shen and Williamson (1999) find support for this hypothesis.

Gross Secondary School Enrollments:
We also include gross secondary school enrollment to examine the impact of education on maternal mortality. The data are measured in 1990. It is generally thought that education results in higher earning in the wage labor market, thereby increasing economic growth (Shen and Williamson 1999). The economic growth augments standards of living and access to advanced medical technology. Shiffman (2000) finds that higher levels of secondary school enrollment are associated with lower levels of maternal mortality. Therefore, we expect to find a similar relationship here.

Female Secondary School Enrollments:
We use female secondary school enrollments as an alternative indicator of education. The data are available for 1990. We do so because female education may have a unique impact on maternal mortality. Also, many women's non-governmental organizations try to empower women through education, which may lead to less maternal mortality. From above, we hypothesize that female secondary school enrollment should decrease maternal mortality because it is associated with wider use of health services. It also improves access to information about nutrition, birth spacing, and immunizations. These factors all have the potential to decrease

maternal mortality. Shiffman (2000), Shen and Williamson (1999), and Buchman (1996) find support for the hypothesis that female education is correlated with less maternal mortality.

Public Health Expenditures:
We measure the regulatory capacity of a nation by including public health expenditures as a percentage of gross national product in the models. The data are measured in 1990. This measure includes all current expenditures by all levels of government for the provision of medical services. Moon and Dixon (1985) argue that government spending is an important corrective for "negative" externalities generated by private market activity. Rice (2008) and Dyches and Rushing (1996) find support for this hypothesis in their cross-national studies of maternal mortality. Thus, we expect public health expenditures to decrease maternal mortality as governments invest in healthcare, education, and other social services.

Democracy:
We use the average of Freedom House's (1997) political rights and civil liberties scales to measure democracy. Political rights reflect the degree to which a nation is governed by democratically elected representatives and has fair, open, and inclusive elections. Civil liberties reflect whether within a nation there is freedom of press, freedom of assembly, general personal freedom, freedom of private organizations, and freedom of private property (Freedom House 1997). We recode the variables so they have the following seven-point scale: not free (1-2), partially free (3-5), and free (6-7). London and Williams (1990) find that higher levels of democracy are associated with increased basic needs provision measured by the *Physical Quality of Life Index* and *Index of Net Social Progress*. Midlarsky (1998) suggests that such a finding can be attributed to freely elected and open governments responding to popular demands for basic needs provision due to political activism and electoral accountability. Thus, we hypothesize that higher levels of democracy should be related to decreased maternal mortality.

Skilled Attendants at Delivery:
We also include the percentage of births with skilled attendants present. The data are measured for various years during the 1990s. The data may be obtained from the World Resources Institute (2007). We log this variable to correct for its skewed distribution. The most direct causes of maternal mortality include hemorrhage, infection, and obstructed labor (Royston and Armstrong 1989). The presence of a skilled attendant at birth has the potential to decrease the risk of death from these complications. In fact, Anand and Barnighausen (2004) and Cook (2002) find support for this contention. As such, we anticipate that this variable should be associated with less maternal mortality.

Table 1

Descriptive Statistics and Bivariate Correlation Matrix for Maternal Mortality Analysis (1990-2000) (N = 65)

	Mean	Standard Deviation	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
(1) Maternal Mortality, 2000	5.599	1.330	1.000																
(2) Maternal Mortality, 1990	5.906	1.163	.929	1.000															
(3) Gross Domestic Product, 1990	7.651	.820	-.870	-.844	1.000														
(4) Economic Growth Rate, 1980-1990	2.732	4.742	-.075	.020	-.007	1.000													
(5) Total Secondary Education, 1990	35.492	23.942	-.857	-.821	.737	-.089	1.000												
(6) Female Secondary Education, 1990	33.448	25.439	-.889	-.875	.796	-.083	.969	1.000											
(7) Democracy, 1990	3.577	1.635	-.67	-.598	.650	.166	.457	.528	1.000										
(8) Public Health Expenditures, 1990	2.112	1.230	-.245	-.347	.225	-.331	.152	.204	.232	1.000									
(9) Skilled Attendants at Birth, 1990	65.571	27.987	-.833	-.834	.853	.029	.722	.780	.557	.283	1.000								
(10) Domestic Investment, 1990	2.929	.346	-.437	-.413	.350	.273	.299	.335	.239	.039	.449	1.000							
(11) Health NGOs	2.210	2.471	-.300	-.256	.343	.031	.207	.264	.394	.304	.299	.219	1.000						
(12) Women's NGOs	3.53	5.128	-.161	-.059	.216	.210	.094	.127	.388	.151	.193	.212	.848	1.000					
(13) Structural Adjustment, 1990	1.886	4.481	.017	-.046	-.002	.007	-.008	.020	.281	.198	.019	-.115	-.064	-.003	1.000				
(14) Multinational Corporate Investment, 1990	1.789	1.278	-.042	-.065	.172	.041	.025	.095	.106	.041	.241	.215	.278	.321	.102	1.00			
(15) Total Exports, 1990	26.370	15.682	-.357	-.297	.422	.273	.236	.276	.326	.108	.426	.322	.549	.617	-.034	.502	1.000		
(16) Total Debt Service, 1990	21.909	13.362	.074	.021	-.064	.159	-.109	-.066	.133	.004	-.086	-.068	-.116	-.185	.159	-.145	-.206	1.000	
(17) IMF-WB Debt Service, 1990	20.386	13.036	.065	.029	-.075	.183	-.097	-.072	.130	-.019	-.109	-.053	-.137	-.179	.147	-.210	-.200	.966	1.000

FINDINGS

In Table 2, we present the lagged dependent variable panel regression estimates of maternal mortality.[3] We also report one-tailed tests of statistical significance because of the high correlation between the dependent and lagged dependent variables, which yields very conservative estimates of the effect to the independent variables (Finkel 1995). In every equation, we include the lagged dependent variable, gross domestic product per capita, economic growth, one measure of enrollments, public health expenditures, democracy, percentage of attendants at birth, domestic investment, one measure of non-governmental organizations, structural adjustment, a measure of debt service, multinational corporate investment, and total exports. We include gross secondary school enrollments in odd-numbered equations and female secondary school enrollments in even-numbered equations. In equations (2.1) through (2.4), we include total debt service. In equations (2.5) through (2.8), we include debt service only to the International Monetary Fund and World Bank. In equations (2.1), (2.2), (2.5), and (2.6), we include health non-governmental organizations. In the other equations, we examine the effect of women's non-governmental organizations on maternal mortality.

We organize our analysis in this way for several important reasons. First, we want to avoid potential problems with multicollinearity. When we include both measure of debt service in the analysis at the same time, for example, variance inflation factor scores are greater than ten. This is likely due to the high bivariate correlation between these variable (r = .967). However, the highest variance inflation factor score are less than ten in models where we examine the effects of these variables separately. The same logic applies to examining health and women's non-governmental organizations in different equations. Second, the sequential use of "cognate" but "distinct" indicators of more than one independent variable should shed considerable light on the complexity of dynamics involving the issue under investigation (London and Ross 1995). If both the health and women's non-governmental organization indicators maintain similar effects on maternal mortality, for example, then confidence in the findings regarding their beneficial impact on health is enhanced. Third, multiple indicators help guard against potential problems associated with measurement error, because one indicator may be imperfect but several measures are less likely to have the same error (Paxton 2002).

Let us begin by considering our statistically significant findings. First, we find substantial support for dependency theory that both debt and structural adjustment are correlated with increased maternal mortality. The coefficients for structural adjustment are positive and significant in every equation. The coefficients for the two debt service ratios are also positive and significant in three of eight equations. Second, we find multination corporate investment is associated with increased maternal mortality. The coefficients for this variable are positive and significant in every equation of Table 2. Third, we find that the level of development is an important predictor of maternal mortality. The coefficients for gross domestic product per capita are negative and significant in every equation. Likewise, we also find that economic growth is an important determinant of maternal mortality. The coefficients for this variable are negative and

[3] We also estimate cross-sectional models by dropping the lagged dependent variable from the analysis. The results are similar to the findings presented in Tables 2 and 3. We do not report these results for sake of space, but they are available from the authors upon request.

significant in all eight equations. Fourth, we observe that education is a significant predictor of maternal mortality. The coefficients for both total and female secondary school enrollments are negative and significant in every equation.[4] Fifth, we find that higher levels of democracy are associated with decreased maternal mortality. The coefficients are also negative and significant in every equation of Table 2.[5]

There are some other non-significant findings that also should be mentioned. First, we find no evidence that public health expenditures are related to decreased maternal mortality. The coefficients are not significant in any equation.[6] Second, we also do not find support that domestic investment tends to be associated with less maternal mortality. This variable does not significantly predict the dependent variable. Third, there is no evidence that the presence of skilled health attendants at birth affects maternal mortality. The coefficients are also not statistically significant.[7] Fourth, we find no support for the hypothesis that higher levels of health or women's non-governmental organizations are associated with less maternal mortality. The coefficients for both variables fail to achieve a level of statistical significance.

The failure of health and women's non-governmental organizations to significantly predict maternal mortality is somewhat surprising given the substantial amount of theoretical and case study evidence that suggests such a relationship should exist. Thus, it calls for additional comment. Wiktorowicz (2001), Lewis (2000), Payne (1995), Tarrow (1994), Bratton (1989), and Kitschelt (1986) among others suggest that governments may be able to enhance or restrict the effectiveness of non-governmental organizations since they provide the "political opportunity

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[4] We also examined the effects of total literacy and female literacy on maternal mortality. The results regarding the key findings are similar to the ones presented. However, we lose fifteen nations to missing data. In order to preserve as many nations as possible, we do not present these results. They are available from the authors upon request.

[5] Bollen and Paxton (2000) argue that non-random measurement error arising from the subjective perceptions of judges affect all cross-national measures of democracy to some degree. This bias may distort comparisons across nations, undermining empirical results that ignore it. Therefore, we also estimate our models using the level of democracy or autocracy in a nation using data from the Polity IV Project (2005). This measure ranges from – 10 (autocracy) to 10 (democracy). The results using this measure are very similar to the results reported for the measurements of democracy in Table 1. We do not present these results for sake of space, but they are available upon request.

[6] We contribute the failure of public health spending to significantly predict maternal mortality in part to debt service and structural adjustment weakening the regulatory capacity of governments to deal with issues like this one. According to the World Bank (1991), however, measures of public health expenditures do not reveal how resources are allocated. Governments can fund elaborate curative care programs and expensive hospitals instead of primary healthcare (e.g., immunizations, prenatal care, and nutrition), which may not translate into improvements in maternal mortality. Thus, Buchman (1996) examines immunizations as a proxy for basic health services provided by the government. We obtained these data from the World Resources Institute (2007) and included them in our models. This variable failed to explain any significant variation in maternal mortality. We do not present the results, but they are available from the authors.

[7] Robinson and Wharrad (2001) find that the doctors per 1,000 people are associated with decreased maternal mortality. Therefore, we included this variable in the analysis rather than percentage of births attended by skilled health professionals. We did not find support for this hypothesis. The results are available upon request.

structure" in which non-governmental organizations operate. This point is fairly obvious in a repressive nation where non-governmental organizations are often tolerated only if they meet with the approval of government officials (Bryant and Bailey 1997). Some overt forms of oppression used include arresting protesters or assassinating protest leaders (Karliner 1997).

However, repressive nations also tend to use their law-making powers to "dull the sharp edge of non-governmental organization criticism" (Clark 1991: 179). Wiktorowicz (2002) refers to this process as "administrative repression" where legal codes and bureaucratic regulations are used to control non-governmental organizations. For example, the government of Jordan uses the Law of Societies and Social Organizations in such a way. The Law of Societies and Social Organizations requires non-governmental organizations to obtain a permit from the government in order to form. Once a permit is obtained, a non-governmental organization must submit to the government a detailed record of its activities in an annual report, which includes information on finances, correspondence, board meetings, fixed assets, revenues, and working members (Wiktorowicz 2002). The Jordanian government also has the right to perform inspections, issue violations, certify elections of executive committees, and reorganize leadership "to prevent activities deemed threatening to the regime" (Wiktorowicz 2002: 84).

Similar "administrative co-option" happens in other repressive nations (Fowler 1991). Bryant and Bailey (1997) note that Indonesia requires *all* non-governmental organizations working in the country to register members and seek approval of funding for any project. The law also permits the government to ban *any* non-governmental organization without explanation (Hurst 1990). Similar situations have been documented in nations including Zaire (Bryant and Bailey 1997), Tanzania (Tripp 2000), and China (Sullivan 1995). Clearly, repressive nations through overt and administrative repression may limit the effectiveness of health and women's non-governmental organizations to deliver health services.

Nevertheless, democracy may enhance the ability of non-governmental organizations to deal with the causes of maternal mortality (Payne 1995). In part, this may be the result of democratic nations providing citizens with political opportunity structures to engage in public policy debates. It usually includes protections of speech, press, and assembly (Tarrow 1994). It may also be due to democratic leaders being more likely to tolerate such activism in order to maintain legitimacy (Midlarsky 1998). The responsiveness of public officials is partially based on the need for them to win popular elections to maintain their positions (Midlarsky 1998). The officials who fail to address the needs of citizens or at least give the impression of concern face the risk of losing their position in subsequent elections (Lewis 2000). Thus, democracy may enhance the effectiveness of health and women's non-governmental organizations to provide services that are may lead to less maternal mortality.

We draw upon these ideas to test if health and women's non-governmental organizations are associated with less maternal mortality at higher levels of democracy than at lower levels of democracy. We do so by including interaction terms between democracy and each non-governmental organization variable. We provide estimates of the effects of health or women's non-governmental organizations at high levels of democracy (e.g., democracy = 7) and low levels of democracy (e.g., democracy = 1) (Jaccard and Turrisi 2001). The results are presented in Table 3, which has the same organization as Table 2. However, we now include an interaction term for health non-governmental organization and democracy in equations (3.1), (3.2), (3.5), and (3.6). We include an interaction term for women's non-governmental organizations and democracy in equations (3.3), (3.4), (3.7), and (3.8). Let us again begin with a discussion of the

interaction terms to determine if we find support for our political opportunity structure hypothesis.

We find substantial support for the political opportunity structure hypothesis. First, the interaction terms between democracy and health non-governmental organizations are significant in equations (3.1), (3.2), (3.5), and (3.6). The calculations reveal that health non-governmental organizations tend to decrease maternal mortality more at higher rather than lower levels of democracy. In equation (3.1), for example, the effect of health non-governmental organizations in nations with high levels of democracy is equal to -.060. The effect of health non-governmental organizations in nations with low levels of democracy is equal to .084. A similar pattern emerges in the other equations. Second, the interaction terms between women's non-governmental organizations and democracy are significant in equations (3.3), (3.4), (3.7), and (3.8). The calculations involving this interaction term reveal that women's non-governmental organizations are associated with less maternal mortality at higher rather than lower levels of democracy as well. In equation (3.3), for instance, the effect of women's non-governmental organizations on maternal mortality in nations with high levels of democracy is equal to -.012. The effect in nations with low levels of democracy is equal to .060. A similar pattern emerges in equations (3.4), (3.7), and (3.8), which contain interaction terms between women's non-governmental organizations and democracy.

We also continue to find support for other hypotheses. First, we find that debt service, structural adjustment, and multinational corporate investment are associated with increased maternal mortality. Note especially that for these more fully specified models the coefficients for the debt service ratios are now positive and significant in seven of eight equations of Table 3. The coefficients for structural adjustment are positive and significant in four of eight equations in Table 3. The coefficients for multinational corporate investment are positive and significant in every equation. Second, we continue to find that gross domestic product per capita and economic growth are associated with less maternal mortality. The coefficients for these variables are negative and significant in every equation. Third, we find that both total and female secondary school enrollments are related to decreased maternal mortality. The coefficients for both educational variables remain negative and significant in every equation. The majority of findings remain stable and consistent.[8]

[8] In order to further increase the reliability of the findings, we also include dummy variables for the region of the world in which a nation is located. This allows us to deal with findings that may arise out of geographical circumstances, which cannot be accounted for by the independent variables in the model. These dummy variables identify a nation as being located in Latin America, Asia, Europe, and Africa. The reference category includes nations in Middle East. The coefficients for the geographical control variables failed to predict any significant variation in maternal mortality. We also include a dummy variable for just Sub-Saharan African nations due to the high levels of maternal mortality in just this region relative to the rest of the world. The coefficients for the Sub-Saharan dummy variable are positive but not statistically significant. Please note that the other findings remained similar to the results reported in Tables 2 and 3. We do not present the results for sake of space, but they are available from the authors upon request.

Table 2

Estimates of Maternal Mortality (1990-2005) Including Debt Service, Structural Adjustment, and Non-Governmental Organizations

	Equation 2.1	Equation 2.2	Equation 2.3	Equation 2.4	Equation 2.5	Equation 2.6	Equation 2.7	Equation 2.8
National Variables:								
Maternal Mortality Ratio, 1990	.459*** .402 (.103)	.439*** .384 (.112)	.419*** .366 (.109)	.397*** .347 (.120)	.455*** .398 (.103)	.437*** .382 (.113)	.416*** .364 (.110)	.397*** .347 (.121)
Gross Domestic Product Per Capita, 1990	-.241* -.149 (.133)	-.229* -.141 (.137)	-.241* -.149 (.131)	-.227* -.140 (.136)	-.242* -.149 (.133)	-.230* -.142 (.138)	-.242* -.149 (.132)	-.228* -.141 (.137)
Economic Growth Rate, 1980-1990	-.021* -.075 (.012)	-.021* -.076 (.012)	-.023* -.081 (.012)	-.023* -.083 (.012)	-.021* -.075 (.012)	-.021* -.074 (.012)	-.023* -.081 (.012)	-.023* -.081 (.012)
Gross Secondary School Enrollments, 1990	-.016*** -.287 (.004)		-.017*** -.301 (.004)		-.016*** -.291 (.004)		-.017*** -.305 (.004)	
Female Secondary School Enrollments, 1990		-.016*** -.310 (.004)		-.017*** -.326 (.004)		-.016*** -.312 (.004)		-.017*** -.327 (.004)
Democracy, 1990	-.143*** -.189 (.043)	-.147*** -.180 (.044)	-.170*** -.209 (.045)	-.161*** -.197 (.046)	-.154*** -.189 (.043)	-.146*** -.179 (.044)	-.169*** -.208 (.045)	-.158*** -.195 (.047)
Public Health Expenditures, 1990	-.022 -.018 (.052)	-.015 -.013 (.053)	-.030 -.026 (.051)	-.021 -.018 (.053)	-.022 -.019 (.052)	-.014 -.012 -0.05	-.030 -.025 (.045)	-.019 -.016 (.053)
Skilled Attendants at Delivery, 1990	-.002 -.038 (.004)	-.002 -.048 (.004)	-.002 -.039 (.004)	-.002 -.038 (.004)	-.002 -.036 (.004)	-.002 -.033 (.004)	-.002 -.036 (.004)	-.002 -.054 (.004)
Domestic Investment, 1990	-.192 -.050 (.157)	-.185 -.048 (.163)	-.209 -.041 (.157)	-.200 -.052 (.005)	-.201 -.052 (.158)	-.195 -.051 (.051)	-.217 -.056 (.157)	-.209 -.054 (.163)
International Variables:								
Health Non-Governmental Organizations, 1990	.013 .024 (.024)	.017 .033 (.025)			.014 .025 (.024)	.018 .034 (.025)		
Women's Non-Governmental Organizations, 1990			.015 .057 (.013)	.016 .061 (.014)			.015 .056 (.013)	.015 .059 (.014)
Structural Adjustment, 1990	.021* .070 (.011)	.021* .071 (.012)	.021* .072 (.011)	.021* .071 (.012)	.021* .071 (.011)	.021* .071 (.012)	.021* .072 (.011)	.021* .071 (.012)
Multinational Corporate Investment, 1990	.069* .067 (.039)	.092* .088 (.044)	.069* .066 (.038)	.093* .089 (.044)	.074* .071 (.043)	.097* .093 (.044)	.074* .071 (.043)	.099* .095 (.044)
Total Exports, 1990	-.002 -.024 (.004)	-.003 -.033 (.004)	-.003 -.041 (.004)	-.004 -.048 (.005)	-.002 -.028 (.043)	-.003 -.039 (.004)	-.004 -.045 (.004)	-.005 -.053 (.005)
Total Debt Service Ratio, 1990	.005 .051 (.004)	.006* .065 (.004)	.006 .058 (.004)	.007* .072 (.004)				
International Monetary Fund-World Bank Debt Service Ratio, 1990					.005 .048 (.004)	.006 .057 (.004)	.005 .054 (.004)	.006* .063 (.004)
Adjusted R-Square	.929	.924	.931	.926	.929	.923	.930	.924
Number of Cases	65	65	65	65	65	65	65	65
Highest Variance Inflation Factor Score	5.559	6.190	5.990	6.664	5.554	6.190	5.891	6.659
Mean Variance Inflation Factor Score	2.463	2.583	2.516	2.716	2.460	2.597	2.499	2.683

Notes:
a) * indicates p < .05, ** indicates p < .01, and *** p < .001 for a one-tailed test.
b) The first number reported is the unstandardized coefficient, the second number is the standardized coefficient, and the third number in parentheses is the standard error.

Table 3
Estimates of Maternal Mortality (1990-2005) Including Debt Service, Structural Adjustment, and Interaction Terms Between Non-Governmental Organizations and Democracy

	Equation 3.1	Equation 3.2	Equation 3.3	Equation 3.4	Equation 3.5	Equation 3.6	Equation 3.7	Equation 3.8
National Variables:								
Maternal Mortality Ratio,	.455***	.431***	.399***	.370***	.451***	.429***	.396***	.370***
1990	.398	.377	.349	.323	.395	.375	.346	.324
	(.099)	(3.987)	(.106)	(.116)	(.099)	(.109)	(.106)	(.118)
Gross Domestic Product	-.268*	-.257*	-.286*	-.273*	-.269*	-.258*	-.287*	-.273*
Per Capita, 1990	-.165	-.158	-.177	-.168	-.166	-.159	-.177	-.169
	(.129)	(.133)	(.128)	(.133)	(.129)	(.134)	(.129)	(.134)
Economic Growth Rate,	-.021*	-.022*	-.027*	-.028**	-.021*	-.021*	-.027*	-.027*
1980-1990	-.076	-.078	-.096	-.099	-.076)	-.076	-.095	-.096
	(.012)	(.012)	(.003)	(.012)		(.012)	(.012)	(.012)
Gross Secondary School	-.016***		-.017***		-.016***		-.018***	
Enrollments, 1990	-.285		-.313		-.290		-.050	
	(.003)		(.003)		(.003)		(.003)	
Female Secondary School		-.016***		-.018***		-.016***		-.018***
Enrollments, 1990		-.312		-.345		-.315		-.346
		(.004)		(.004)		(.004)		(.004)
Democracy,	-.074***	-.062	-.114*	-.103*	-.074	-.062	-.114*	-.101*
1990	-.285	-.076	-.140	-.126	-.091	-.076	-.140	-.124
	(.051)	(.057)	(.050)	(.052)	(.051)	(.057)	(.050)	(.052)
Public Health Expenditures,	.001	.008	-.033	-.025	-.001	.008	-.032	-.022
1990	.001	.006	-.028	-.021	-.001	.007	-.027	-.019
	(.051)	(.052)	(.003)	(.051)	(.051)	(.155)	(.049)	(.051)
Skilled Attendants at Delivery,	-.002	-.002	-.001	-.001	-.002	-.002	-.001	-.001
1990	-.043	-.040	-.028	-.025	-.040	-.026	-.025	-.022
	(.003)	(.004)	(.003)	(.051)	(.003)	(.004)	(.003)	(.004)
Domestic Investment,	-.253	-.250	-.216	-.208	-.262*	-.260	-.226	-.219
1990	-.066	-.065	-.056	-.054	-.068	-.068	-.059	-.057
	(.154)	(.004)	(.151)	(.156)	(.155)	(.160)	(.151)	(.004)
International Variables:								
Health Non-Governmental	.108*	.119**			.109*	.120**		
Organizations, 1990	.202	.222			.204	.223		
	(.049)	(.051)			(.050)	(.052)		
Women's Non-Governmental			.072**	.071**			.071**	.074**
Organizations, 1990			.277	.290			.274	.284
			(.028)	(.030)			(.029)	(.030)
Structural Adjustment,	.015	.014	.018*	.018*	.015	.015	.018*	.019*
1990	.059	.049	.061	.060	.050	.049	.061	.060
	(.011)	(.012)	(.011)	(.011)	(.011)	(.012)	(.011)	(.011)
Multinational Corporate Investment,	.075*	.098**	.067*	.092*	.080*	.103**	.073*	.099**
1990	.072	.094	.064	.088	.077	.100	.070	.095
	(.041)	(.042)	(.037)	(.042)	(.042)	(.043)	(.041)	(.043)
Total Exports,	-.002	-.002	-.003	-.004	-.002	-.003	-.004	-.004
1990	-.018	-.027	-.064	-.047	-.023	-.034	-.044	-.053
	(.004)	(.004)	(.003)	(.004)	(.004)	(.004)	(.004)	(.004)
Total Debt Service Ratio,	.006*	.007*	.007*	.008*				
1990	.059	.073	.065	.080				
	(.004)	(.004)	(.004)	(.004)				
International Monetary Fund-World					.006	.007*	.005*	.007*
Bank Debt Service Ratio, 1990					.056	.066	.061	.071
					(.004)	(.004)	(.004)	(.004)
Interaction Terms and Calculated Effects:								
Corresponding Non-Governmental	-.024*	-.025*	-.012*	-.012**	-.024*	-.025**	-.012*	-.012*
Organization Variable x Democracy	-.244	-.258	-.255	-.265	-.243	-.257	-.252	-.260
	(.011)	.011)	(.005)	(.005)	(.011)	(.011)	(.005)	(.005)
Calculated Effect at High Democracy	-.060	-.056	-.012	-.013	-.059	-.055	-.013	.010
Calculated Effect at Low Democracy	.084	.094	.060	.059	.085	.095	.059	.062
Adjusted R-Square	.934	.930	.936	.932	.934	.929	.933	.934
Number of Cases	.65	65	.65	65	65	65	65	65
Highest Variance Inflation Factor Score	6.003	6.299	6.099	6.992	5.907	6.286	5.975	6.833
Mean Variance Inflation Factor Score	2.552	2.714	2.548	2.793	2.505	2.679	2.500	2.782

Notes:
a) * indicates p < .05, ** indicates p < .01, and *** p < .001 for a one-tailed test.
b) The first number reported is the unstandardized coefficient, the second number is the standardized coefficient, and the third number in parentheses is the standard error.

DISCUSSION AND CONCLUSION

We began this research with the goal of reevaluating dependency theory claims regarding how debt service and structural adjustment impact maternal mortality. We find substantial support for this theoretical perspective because *both* factors are associated with increased maternal mortality. The coefficients for the debt service variables are positive and significant in every equation. The coefficients for structural adjustment are also positive and significant every equation of Table 2 and half the equations of Table 3. A potential reason for these findings involves debt service and structural adjustment reducing the ability of governments to provide health, education, and other social services (Rich 1994). This line of reasoning may be supported to some extent by the non-significant coefficients for the public health expenditure variable throughout Tables 2 and 3. It may also well be that structural adjustment requires poor nations to liberalize trade by attracting foreign investment. In this regard, the coefficients for the multinational corporate investment variable are positive and significant.

We also extend previous cross-national research on health in a novel way. We conduct the first cross-nation study that empirically assesses world polity hypotheses that health and women's non-governmental organizations may be associated with less maternal mortality. Initially, we find no support for this hypothesis. The coefficients for the health and women's non-governmental organization variables are not statistically significant in Table 2. However we refine the analysis and test a political opportunity structure hypothesis, which suggests democracy enhances the ability of non-governmental organizations to deliver health, education, and other social services. We find substantial support for this line of reasoning in Table 3. The interaction terms between democracy and the both of non-governmental organization variables are statistically significant in every equation. The calculations involving the interaction terms reveal that health and women's non-governmental organizations are associated with decreased maternal mortality at higher levels rather than lower levels of democracy. We increase the reliability of the findings by demonstrating their significance across several alternative models specifications.

There are some important theoretical and methodological implications that correspond with the main findings. First, the results are reminiscent of an approach used by Shandra, Shandra, and London (2008). These authors find higher levels of environmental and women's non-governmental organizations are associated with lower rates of deforestation. Shandra, Shandra, and London (2008) conclude that it is necessary to consider both types of international non-governmental organizations in cross-national research on the environment. We extend this line of reasoning here but in a slightly different way. We demonstrate the importance of examining how health and women's non-governmental organizations impact maternal mortality. Such an approach provides us with a more detailed and nuanced understanding of the factors that shape this health outcome. At the same time, it allows us to suggest more accurate policy prescriptions to help deal with the causes of forest loss.

Some policy implications originate from our main findings too. First, it may serve health and women's non-governmental organizations well to continue to focus their efforts on projects that provide women with information about nutrition, birth spacing, reproductive rights, and immunizations. All of these factors have been shown previously to be associated with less maternal mortality (Shen and Williamson 1999). Second, these non-governmental organizations also should push governments to promote more democratic laws and regulations. These can include access to information, participation in decision making, transparency in government, and

free and fair elections among many others. In fact, Annis (1987) argues a "virtuous circle" will emerge that strengthens the impact of both democracy and non-governmental organizations on development outcomes in poor nations. Maternal mortality may well be one such outcome. Third, health and women's non-governmental organizations could also focus on projects that seek to decrease debt and maternal mortality simultaneously. A "debt-for-development" swap is a very good example of this approach. The procedure usually entails non-governmental organizations paying off a portion of a nation's debt in return for that nation using the money generated from the swap to implement healthcare, education, and other basic needs programs (Bryant and Bailey 1997).

Nevertheless, debt-for-development swaps can be criticized for being "reformist" because the swaps do not address the causes of increasing debt among poor nations (e.g., structural adjustment) (Newell 2000). Bryant and Bailey (1997) write, "If the argument is that fundamental change is the only way in which to solve the debt crisis," then international non-governmental organizations "may be part of the problem and not part of the solution" (143). Accordingly, health and women's non-governmental organizations should also focus their efforts of lobbying leaders of lending institutions to abandon economic aid packages (i.e., structural adjustment) that are harmful to women, children, and infants and push for more substantial debt forgiveness. This process should also involve lobbying leaders in rich nations to withhold funding to the International Monetary Fund and World Bank until such changes occur (Rich 1994).

These policy suggestions also point to some promising avenues for future research. First, there has been no systematic cross-national research that examines the impact of debt-for-development swaps on health issues. Thus, social scientists should consider if such swaps are related to reductions in maternal, infant, and child mortality. Second, the International Monetary Fund and World Bank's Enhanced Highly Indebted Poor Countries (HIPC) Initiative offers debt forgiveness and low interest loans to reduce debt repayments to "sustainable" levels. However, governments must meet a range of economic management and performance targets to qualify for the aid (Peet 2003). The HIPC Initiative targets usually involve liberalization of trade and fiscal policy (e.g., tax holidays, firing workers at will, and weakening of government regulations), which are quite similar to structural adjustment conditionality (Rich 1994). Thus, future research may also consider if debt relief provided under the HIPC Initiative tends to improve health (e.g., maternal mortality) or if the economic targets that must be met to qualify for the program undermine it. Third, we use cross-national data for a ten year period (i.e., 1990-2000) in order to examine how debt and structural adjustment impact maternal mortality. Unfortunately, comparable data on maternal mortality are limited to this time frame due to changes in data collection methodologies (World Health Organization 2005). We also only have data on health and women's non-governmental organizations for 1990. However, it may well be that macro-structural changes occur over longer periods of time and vary by region (Smith 1996). Our effort to gauge processes from the most recent period are bound to miss long-term trends and geographical differences. Clearly, we need more data for more nations and for time points. This would enable social scientists to use more sophisticated longitudinal modeling strategies (fixed effects or random effects models) than the methodology employed here—see Brady, Kaya, and Beckfield (2007) for a good discussion and illustration of these techniques. Further, cross-national research of this sort would be greatly aided by historical-comparative case study analyses (Smith 1996). The use of more complex longitudinal regression models and historical-

comparative analyses would allow researchers to better determine how the patterns of findings presented here vary across time and space.

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TRANSNATIONAL CORPORATIONS IN A GLOBAL MONETARY THEORY OF PRODUCTION: A WORLD-SYSTEMS PERSPECTIVE

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ABSTRACT

In this paper, I argue that it is possible to enrich world-systems analysis with a heterodox Keynesian monetary theory of production known as the Theory of Money Emissions, based on the views put forward by the French economist Bernard Schmitt. In the aftermath of the global financial crisis, I aim to rehabilitate and adapt the old Keynesian proposal of an international clearing union to the modern world-system by providing a rationale behind a common world currency and a renewed perspective on money and transnational production.

INTRODUCTION

Social science can no longer avoid a global theory of money given its universal nature as a social construct. It is thus crucial to investigate its role in world-systems analysis. Chase Dunn (2005:171) has emphasized the importance of money among other geopolitical, economic and ideological dimensions. Hicks (1967:153) argued that monetary theory goes beyond the subject of economics by stressing the conceptual links with History. Money is not just, and not even in essence, an economic good but the outward expression of the community as a whole. Its theoretical boundaries therefore need to be examined within a renewed monetary theory of production (Keynes 1933). While "a global society as a world association of peoples, nation states, supranational unions, international organizations and transnational communities" (Martinelli 2005:241) has been acknowledged in world-systems research, little has been done to investigate the outward monetary expression of this emerging transnational community. Would it entail the creation of a common or a single currency? Would the rationale behind such an instrument stem from a vast collection of nation-states or from the rise of transnational production? Finally, should it be managed by an independent supranational central bank or by a consortium of nation-states?

To help address these questions, I shall consider a heterodox approach developed since the 1960s by a French economist, Bernard Schmitt, namely the theory of money emissions (TME) also known as quantum macroeconomics. Although the TME constitutes a powerful elaboration upon the very nature of bank money, it remains rooted in a State-centric perspective whereby it overlooks the exponential rise of transnational corporations (TNC). I will present a rationale

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behind the rehabilitation of the Keynesian international clearing union (ICU) with a firm grounding for the introduction of a world currency monetising transnational production. I will also argue that a global-spanning macroeconomic analysis of TNCs does not weaken the rationale behind a common world currency; on the contrary, it reinforces it. The endeavor I wish to initiate is thus the inclusion of TNCs in an often-neglected heterodox Keynesian framework and the evaluation of its contribution to world-systems.

This paper is also motivated by the astonishing observation that financial globalization has turned into "a brakeless train wreaking havoc" (Harvey 1995) leading to the demise of the global system of unregulated financial markets in 2007-2008 thereby fulfilling the prophecy of Georges Soros (1997). In today's chaotic international monetary system wherein "the main currencies float and crush against each other like continental plates" (Soros 1997:48), I wish to echo Volcker's claim that "if we are going to be successful in a globalized world, we should have an international currency" (Veon 2005). Likewise, as Zhou Xiaochuan (2009), governor of the People's Bank of China, the new power player on the global financial stage, recently argued:

> The desirable goal of reforming the international monetary system, therefore, is to create an international reserve currency that is disconnected from individual nations and is able to remain stable in the long run, thus removing the inherent deficiencies caused by using credit-based national currencies.

In times of financial chaos, unresolved tensions between currency hegemony, national sovereignties and transnational production call for a paradigm shift. In a deeply unstable world undergoing radical transformation following the global demise of three decades of deregulation, the stakes are high for world-systems research.

Section 1 briefly states the problem. Section 2 reviews the old Keynesian idea of an International Clearing Union. Section 3 roots the analysis in a powerful and often neglected heterodox approach, namely the theory of money emissions. Section 4 examines the rise of transnational production and the relevant units of analysis in a globalized economy. Drawing on these combined analytical inputs, section 5 provides a rationale behind a common world currency and section 6 concludes the essay.

STATEMENT OF THE PROBLEM

With almost 6.7 billion people in the world today (UNCTAD 2008a), there are at least 182 current official or de facto currencies in the 192 United Nations member countries (Antweiler 2008). While the emission of money is still largely a prerogative of nation-states in the current international system of payments, the emerging reality of the European monetary union reinforces the idea that currency areas are no longer systematically equated with national territories as argued by Ponsot (2004):

> The way economic areas are determined is not fortuitous. Since the advent of organized political areas around the nation-states, the correlation of monetary and production areas underpins the one currency / one nation notion [...]. If today the nation-state still constitutes the main framework for the fusion of monetary and

> production areas, it does not represent the sole framework thereof. It was preceded by other modes of fusion (communities, primitive societies…) and will undoubtedly be followed by others. The one currency / one nation principle is increasingly challenged. Several factors are contributing to its collapse: globalization, the euro zone, the development of parallel currencies and dollarisation (our translation).

The State-centric approach to money remains rooted in the mind of economists. For instance, the state theory of money, also known as chartalism (Knapp 1924; Wray 2000), has attempted to show how "[h]istory reveals the role of the public authority in establishing a universal equivalent for measuring debts and in determining what "thing" will be used to correspond to this accounting measure" (Tcherneva 2005:6). Chartalism's fundamental proposition is to reaffirm the leading role of the State in the definition of money through the choice of the unit of account and the enforcement of its legal acceptability. I partially agree with the idea of "money as a creature of the State" (Lerner 1947) insofar as it stands up to historico-empirical scrutiny. Historically, the State is the institution with "the right not only to enforce the dictionary but also to write the dictionary" (Keynes 1930:5). Drawing on this metaphor, I choose to address the following question: could contemporary currency areas be structured around a common world currency akin to a monetary Esperanto and could we view this dramatic political, socio-economic and institutional breakthrough as the logical outcome of globalization? Although the social and political forces in the world-system have long circumscribed this project to the mere exploratory and theoretical domain, the inclusion of transnational production into post-Keynesian theory must now be urgently performed in order to catch up with the tremendous evolution of world-systems over the last decades (Wallerstein 1993). The idea of a world currency is not a new one. In this respect, I review in the next section the old Keynesian solution to the problem of the coexistence of multiple currencies.

THE KEYNESIAN SOLUTION: THE INTERNATIONAL CLEARING UNION

The constitution of a new financial and monetary order was already high on the agenda of world political leaders at the end of World War II. The issue of the sustainability of a domestic currency playing the role of an international reserve currency was addressed during *The United Nations Monetary and Financial Conference* that was held in Bretton Woods, New Hampshire, USA in July 1944. Following some intense negotiations, the necessary agreements were signed to establish the foundations of the major international economic organizations of our time. The conference gave birth to the Bretton Woods system of exchange rate management, an international monetary order that remained in place for almost three decades throughout the post-war period. Moreover, as stated by Köhler (2004):

> When plans for the IMF were first discussed, the competing Keynes and White plans both sought to provide assurance that there would not be a return to the pre-war pattern of destructive economic practices.

The two sides shared common political ideals of peace and stability. However, U.S. Treasury official White designed a strategy that contrasted sharply with Keynes's. While the White plan (1942) aimed at the creation of an international financial institution whose objective was the stabilization of exchange rates, Keynes's (1980:189) proposal was far more ambitious and innovative insofar as its underlying logic included a framework for global governance:

> The Clearing Union might become the instrument and the support of international policies in addition to those which it is its primary purpose to promote. This deserves the greatest possible emphasis. The Union might become the pivot of the future economic government in the world.

The two plans rested on rather contrasted underlying assumptions. White had identified a balance of payments deficit to a problem circumscribed to the debtor country whereas Keynes considered that such a macroeconomic imbalance, with its potential adverse impact on economic policy, was problematic for both surplus and deficit countries. In fact, Keynes and White had a very different understanding of the nexus of debtor / creditor relations between countries in the international political economy (Skidelsky 2000:245):

> The White and Keynes Plan were based on different concepts. The Stabilisation Fund made loans out of subscribed capital; the Clearing Union created overdrafts out of nothing. In the Fund a member's maximum liability was fixed by its subscription; in the Clearing Union a member might be required to accept 'bancor' (in payment for its exports) up to the total of all the other members' overdraft facilities.

Keynes's (1980:169) objective was to address the financial needs of nations by introducing an international currency to help countries overcome their short-term liquidity constraints:

> We need a method by which the surplus credit balances arising from international trade, which the recipient does not wish to employ for the time being, can be set to work [...] without detriment to the liquidity of these balances to their holder's faculty to employ them himself when he desires to do so.

By stressing the accounting nature of money, the ICU was also in line with Keynes's (1937:209) finance motive that contrasted sharply with the classical conception of investment subject to the a pre-existing saving constraint:

> "Finance" has nothing to do with saving. At the "financial" stage of the proceedings no net saving has taken place on anyone's part, just as there has been no net investment. "Finance" and "commitments to finance" are mere credit and debit book entries, which allow entrepreneurs to go ahead with assurance.

The mechanism of the ICU is described hereafter (Iwamoto 1997:183):

> The ICU is based upon the "banking principle" whose assets are its reserves and loans to the central banks of member countries and whose liabilities the deposits of central banks. The “Bancor” is a new international currency created by the ICU. Each country is given a quota and allowed overdrafts according to this quota. [...] The surplus countries have a credit balance with the ICU and deficit countries have a debit balance. In other words, the imbalance of the balance-of·payments is reflected in the accounts of the ICU as overdrafts for the debtors and positive balances for the creditors”.

The ICU would have become the principal means for an expansionist world trade policy (Keynes 1980:176) favoring high levels of effective demand throughout the world: “[t]he principal object can be explained in a single sentence: to provide that money earned by selling goods to one country can be spent on purchasing the products of any other country” (Keynes 1980:270). However, the Bretton Woods conference eventually witnessed the triumph of the White plan aimed at the expansion of free trade by promoting the interests of the United States as the first world trade power. From a geopolitical perspective, this was then interpreted as the dominance of the American influence in the world political arena (Hobsbawm 1996).

Today, the US economy has become the world’s largest debtor. Excess private and public consumption along with negative saving rates in the United States are financed by the transfer of real resources from capital-exporting surplus countries such as the Asian economies. Until the recent global meltdown, the American consumer felt that he could indefinitely purchase the goods of major exporting countries such as China, as Asian central banks are depositing massive amounts of accumulated reserves in low-yielding U.S. government securities. This unstable situation resulting from unsustainable global macroeconomic imbalances rests on the continued confidence in the value of the US dollar, and its hegemonic role as the world’s leading reserve currency. Recent events such as the global credit crisis, the ongoing EU-enlargement and other signs of a dramatic shift towards a multipolar world might impede this hegemony. Hence, one should no longer rule out the scenario of a faltering confidence in the US Dollar (Wallerstein 2008).

MONEY AND PRODUCTION IN THE THEORY OF MONEY EMISSIONS

A revisited Keynes plan would face different political, economic, and social challenges today. Before addressing the complex and multidimensional issue of globalization, I claim that any breakthrough in the understanding of the modern world-system requires a reflection on the underlying monetary theory of production. I center my reflection on an often-neglected heterodox framework namely the Theory of Money Emissions (Schmitt 1960, 1966, 1975, 1977, 1984, 1996).

An Overview of the Concept of Money in the TME

The TME is an abstract framework based on a renewed conception of money wherein the emphasis is on its circulatory nature that enables the circulation of commodities. More than two centuries ago, Adam Smith (1776:chap 2) understood that “the great wheel of circulation is

altogether different from the goods which are circulated by means of it. The revenue of the society consists altogether in those goods, and not in the wheel, which circulates them". In a surprising theoretical lineage, Schmitt (1984) confirms that the only way to apprehend the essence of bank money as an instrument of circulation is to identify money *per se* to an instantaneous flow (that which sets Smith's great wheel of circulation in motion) and not to a stock of wealth, akin to money's worth when kept idle between payments. As groundbreaking as it may seem, money is viewed by Schmitt as an instantaneous event that does not survive the payment occurring during a transaction between two economic agents in a capitalist economy (Cencini 2001:76; Rossi 2006:124). The TME sets apart the conceptual object that operates as a means of payment and the one that serves as a temporary abode of purchasing power. The clarification is not merely semantic for it introduces a crucial ontological distinction that enhances our understanding of bank money although it contrasts with the common-sense idea that money and deposits are synonyms. As previously stated, bank deposits do not cease to exist between payments although it is then preferable to refer to money balances rather than money *per se*: "money and payments are one and the same thing. No money, if correctly defined, exists either before or after a given payment " (Schmitt 1996:88). In fact, while bank deposits have a positive duration in time, it only takes an infinitisemal instant (i.e a zero duration in time) to enter a payment in a computerized system of bank accounts (Rossi 2006:124).

Notwithstanding the remaining tangible forms of money such as coins, notes and parallel currencies, banks are the only institutions endowed with the right to issue legally acceptable payments in our era of dematerialized money, by using the accounting principle known as double-entry bookkeeping (Rossi 1998:37). In fact, bank entries set forth Smith's modern wheel of circulation thereby giving rise to the effective circulation of goods and services within the economy. In order to grasp the nature of bank money, it is crucial to stress its accounting nature (Keynes 1937). While double-entry bookkeeping consists of recording payments, the visible accounts only show the resulting balances (whether positive or negative), which are the mere outcome of payments and not money *per se*: "double-entry accounting records the result of monetary flows and not the flows themselves" (Rossi 1998:36). However, this heterodox conceptual breakthrough should not be identified to a set of neoclassical equilibrium conditions. The simultaneity of money and payments is in fact a fundamental law of bank money and holds true regardless of the idiosyncratic features of agential behavior (Cencini 1995:18).

The TME as an Alternative Conception of Production

The TME requires a distinctive conception of time that stands in sharp contrast with the timeless mathematical framework of General Equilibrium theory (wherein markets clear instantaneously with the help of a mysterious, external and omniscient auctioneer). It also goes beyond the observable and continuous (or historical) time wherein production activities take place. The TME therefore puts forward the idea of a quantum of time, that is an abstract interval withheld from continuous time that defines a product in economic terms. The product is the end-result of the process that takes place in continuous time [t_o, t_n] but only comes into existence, as an economic event, in tn. In a wave-like emission, the instantaneous existence of production in tn absorbs the whole period [t_o, t_n], which leads to this fascinating and logical conclusion: on a quantum of time, production does not *take place in* time but it actually *is* time (Schmitt, 1984:54). Interestingly, at any instant in continuous time before the full completion of the product, production *per se*

remains nil in absolute terms. It is nonetheless a physical process in motion, which presupposes the existence of an intellectual project whose final realization will retroactively define a quantum of matter and energy in the productive sphere through the conceptual absorption of the corresponding interval (Schmitt 1984:54). This renewed approach is partly inspired by the philosopher Bergson (1946) and requires that, unlike its continuous time alter ego, production be defined positively on any point of this quantum. Hence, economic reasoning calls for a conception of time that simultaneously captures the instant at which production becomes a positive action (i.e the full realization of the project) as well as the corresponding quantum (i.e the spatiotemporal process in its totality).

Cencini (1985:74) claims that quanta of time are a logical necessity in economic theory. Production is defined anew by transforming a continuum of time into a quantum. Every production defines a quantum, a real and instantaneous emission, which 'quantises' time (Schmitt 1984:54). This approach fits well into the framework of a monetary theory of production advocated by Keynes (1933) since production may be considered as the primary economic operation that necessarily precedes any exchange (Schmitt, 1975:11). After conceptualizing production as a quantum of time, money is integrated as a numerical form that gives birth to the homogeneity of all produced goods and services (Rossi 2001:122-7). Money acquires a positive value and therefore a positive purchasing power over economic output through its conceptual association therewith (Cencini 2001:117). To borrow de Saussure's linguistic perspective (1916), goods and services are "signified" objects while money is the ultimate "signifier". However, this metaphor discards the notion that members of a community use words (i.e monetary signs) to refer to an objectified reality (i.e economic output) with a shared identical meaning (i.e value-substance).

In the TME, money is merely an incorporeal standard that provides the economy with numbers and enables the holistic measure and the circulation of economic output (Schmitt 1975:15). By stating that output lacks any homogeneous value-substance (Cencini 1985:91), the TME draws on Keynes's ideas (1936:38) and stands in sharp contrast with the methodology of neoclassical economists and their widespread concept of utility incorporated to sophisticated mathematical functions. By the same token, the ontological rejection of a measurable value-substance enshrined in commodities discards the Marxian idea of abstract labor defined as a homogeneous magnitude in the Labor Theory of Value.

Capital Accumulation in the TME

An extensive part of Schmitt's work deals with capital accumulation and resulting pathologies such as inflation and unemployment that are bound to arise without an orderly system of payments. However, those macroeconomic ills are not due to agential behavior as unconvincingly explained by neoclassical economists but to a monetary and institutional anomaly that affects the process of capital accumulation. In this sense, the TME differs from endogenous growth theory that emphasizes the microeconomic foundations of macroeconomics by constructing mathematical representations of growth trajectories (based on utility-maximizing households and profit-maximizing firms). In fact the TME is not a growth theory and therefore does not address the economic impact of innovation, technological change, human capital and spillover effects. Instead, the real contribution of Schmitt to our understanding of capital accumulation is a renewed analysis of profits, which he argues to be artificially duplicated in the process of income-

formation thereby generating a deposit that never dries up (Schmitt 1984:323). Once capital accumulation has reached unsustainable levels, financial funds are no longer channelled effectively to the industrial sphere where this translates into reduced investments and higher unemployment. A parallel exists with Arrighi (1999:223):

> Capitalist organizations respond to the overaccumulation of capital over and above what can be reinvested profitably in established channels of trade and production by holding in liquid form a growing proportion of their incoming cash flows. This tendency creates (....) the "supply conditions" of financial expansions, an overabundant mass of liquidity that can be mobilized directly or through intermediaries in speculation, borrowing and lending.

But while Arrighi (1999) develops a second tendency of the capitalist system to promote intense inter-state competition in order to capture a fraction of the capital that accumulates in financial markets, the world-system perspective is absent in Schmitt who views the international economy as a mere exchange-economy wherein the formation of purchasing power is circumscribed to national economies.

I was partly motivated to write the present paper due to this perceived shortcoming of the TME that is still rooted in a state-centric perspective. I now venture into ontological territory by claiming that the differing time-horizon and philosophical stance adopted respectively by the TME and world-systems analysis may account for these contrasted representations of the world. The former is a heterodox Keynesian theory concerned with the short and medium-term objective to stabilize a capitalist system deemed intrisincally unstable under the free interplay of unregulated market forces. The latter adopts a panoramic and long-spanning view *à la* Braudel (1979) in order to single out the stages of development of the world-system subject to both economic and *non-economic* forces. While social change is at the heart of world-systems analysis, its ultimate aim cannot be understood exclusively in terms of the stabilization *per se* of world-systems regardless of their multidimensional and long-term dynamics. I therefore argue that further works are needed to explore the feasibility of a potential merger between the two frameworks.

TRANSNATIONAL PRODUCTION IN THE MODERN WORLD-SYSTEM

It is worthwile stressing that, in spite of their crucial importance for our analysis, the following definitional elements of transnational contemporary dynamics are seemingly unrelated to the TME for Schmitt had originally overlooked these fundamental issues in his framework. Nevertheless, I will argue in section 5 that the two lines of research may be reconciled in a fruitful reflection on the world-system.

A transnational corporation is an enterprise that controls assets of other entities in economies other than its home economy. An equity capital stake of 10% or more of the ordinary shares or voting power for an incorporated enterprise, or the equivalent for an unincorporated

enterprise, is normally considered a threshold[1] for the control of assets (UNCTAD 2004; Ietto-Gillies 2005:11-2). Dicken (2003:198) underlines the existence of numerous forms of collaborative ventures that account for alternative means of control and coordination and therefore suggests a broader definition that goes beyond the mere ownership criterion of productive assets located abroad: "a transnational corporation is a firm which has the power to co-ordinate and control operations in more than one country, even if it does not own them". The financing and operational management of transnational projects often espouse the dynamics of the political, economic and technological environment by driving many TNCs to focus on their core competence in the home country while outsourcing the additional functions in the periphery. The resulting outsourcing services are offered using various delivery models comprising onsite consulting and offsite execution. A new mantra is the Build - Operate and Transfer (BOT) model, notably in the infrastructure and construction industry of emerging economies. The scheme implies that the client has a right to own the facility, while the third-party vendor builds it, hires the employees, gets the operation running for a period of 3-5 years before handing the operations over to the client. Alternative schemes (e.g: BOO and BOOT) may involve a reduced role or a lagged intervention of the Government. The hallmark of this type of project financing is a renewed credit-assessment based on the project's earnings as the principle source from which loan repayments are made as opposed to the creditworthiness of the borrowing entity. This entails a modification in the creditor/debtor relationship, referred to as limited recourse financing; lenders are no longer given full security against the borrowers and have to hedge the residual risks on international financial markets. I now focus on the transnational corporation "whose organizational structures transcend polities and connect various national societies" (Herkenrath and Bornschier 2003).

Genesis and Evolution of Transnational Corporations

As Greer and Singh (2000) state:

> The earliest historical origins of transnational corporations could be traced to the major colonizing and imperialist countries of Western Europe, notably England and Holland. The process began in the 16th century and continued for the next several hundred years. During this period, firms such as the British East India Trading Company were formed to promote the trading activities and territorial acquisitions in the Far East, Africa, and the Americas.

However, the meaning of TNCs provided here is more recent (Greer and Singh 2000):

> The transnational corporation as it is known today, however, did not really come into being until the 19th century. With the advent of industrial capitalism in the 19th and early 20th century, the search for resources including minerals, petroleum, and agricultural commodities as well as pressure to protect and

[1] This threshold is rather conventional and arbitrary. In some countries, an equity stake of other than 10% is still used. In the United Kingdom, for example, a stake of 20% or more was the threshold until 1997.

> enlarge markets propelled transnational expansion by companies exclusively from the United States and a handful of Western European nations.

The tremendous growth of American Business expanding abroad between 1897 and 1902 was met with resistance by British commentators and politicians alike who had understood the imperialist function of this American corporate momentum as shown by three London publications in 1901-1902 entitled respectively *The American Invasion, The American Invaders* and *the Americanization of the World* (Wilkins 1970:71). A century later, American CEOs are standing behind the flagship of globalization and transnational production in their public relations strategies: "Ford isn't even an *American* company, strictly speaking. We're global. We're investing all over the world. Forty percent of our employees already live and work outside the United States and that's rising. Our managers are multinational. We teach them to think *globally*" (A. Trotman, CEO of Ford in Reich 1997:275, italics in the text). This quote seems to support the controversial view of TNCs depicted as stateless corporations despite their apparent national and cultural rootedness (Faux 2006:168-9). TNCs possess the ability to adapt to numerous country environments to pursue their global competitive interests (Clarke 2003:71). However, the stateless TNC hypothesis is often questioned by social scientists who suspect the existence of a hidden agenda of States behind these supposedly stateless corporate interests and argue that Ford (in the case at hand) is still an American corporation for embeddedness remains a decisive factor of national differentiation (Dicken 2003:199). Arguably, the broader and more consensual picture would be one of "TNCs significantly shaped by their embeddedness in distinctive national-institutional complexes, both of their country of origin and of the host business systems in which their subsidiaries operate" (Ferner, Quintanilla & Sánchez-Runde 2006). By all means, TNCs have become the main creators and transferors of physical and often knowledge-based assets (Dunning 1997) and the essential drivers shaping world output (Dicken 2003:198).

What are the Relevant Units of Analysis in a Globalized World?

It is under US hegemony after WW2 that the pattern of cross-border production and world market competition started to reflect the strengthening of the competitive position of TNCs. An important phenomenon has been the rise of intra-firm trade that is cross-border trade taking place within TNCs and their affiliates (Faux 2006:208). However, the corresponding transactions should not be confused with international trade (Arrighi 1982:77):

> […] the international mobility of entrepreneurship, money capital, and commodities, which is recorded as international trade […] is not trade at all but transactions internal to, and determined by, the organizational networks of established or in-the making TNCs.

Despite recurring data inadequacies, "[i]ntra-firm trade account[ed] for around one-third of goods exports from Japan and the United States, and a similar proportion of all US goods imports and one-quarter of all Japanese goods imports" (OECD 2002). The decisive socio-economic contribution of TNCs to the globalization process is certainly not new. Arrighi (2000:118) argues that the balance of power between states and TNCs began a mutation several decades ago:

> With the growing number and variety of corporations that organize their profit-making activities across state boundaries. The idea that the emergence of a system of multinational corporations undermines the power of states has been around ever since Charles Kindleberger declared that this emergence meant that the nation-state was "just about through as an economic unit".

Wallerstein (1995:24-5) therefore questions the alleged novelty of the relations between TNCs and States, which have a taste of *déjà-vu*, being akin to previous waves of globalization in the sixteenth and nineteenth centuries. A well-known argument is the ability to circumvent national regulations (Kentor 2005:265):

> 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.

By all means, "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" (Kentor 2005:263). TNCs facilitate the globalization of capital and production and give rise to "a degree of functional integration between internationally dispersed economic activities" (Dicken 1998:1). The alleged newness of current globalization is therefore ill-founded due to a lack of historical perspective (Hirst and Thompson 1996:37-8; Arrighi 1999:217-51). Nonetheless, the sheer density and global interconnectedness achieved by modern technology-driven TNCs constitute unprecedented phenomena as illustrated by the following description of the globalization of R&D activities (UNCTAD 2005:120):

> Since 1993, Motorola established the first foreign-owned R&D lab in China, the number of foreign R&D units in that country has reached some 700. The Indian R&D activities of General Electric – the largest TNC in the world – employ 2,400 people in areas as diverse as aircraft engines, consumer durables and medical equipment. Pharmaceutical companies such as Astra-Zeneca, Eli Lilly, GlaxoSmithKline, Novartis, Pfizer and Sanofi Aventis all run clinical research activities in India. From practically nothing in the mid 1990s, the contribution by South East Asia and East Asia to global semiconductor design reached almost 30% in 2002. STMicroelectronics has some of its semiconductor design done in Rabat, Morocco. General Motors in Brazil competes with other GM affiliates in the United States, Europe and Asia for the right to design and build new vehicles and carry out other core activities for the global company. There are many such examples.

What are the implications on national sovereignty matters, whether TNCs are viewed as stateless entities or country-dependent firms subject to a multidimensional influence of their home country (and of their host-countries)? This raises the crucial issue of the legitimacy of the

State in a globalized world. In spite of the increasingly significant role played by TNCs in the current wave of globalization characterized by unbridled international capital flows resulting in "the precariousness of the domestic political systems (Hobsbawm 1994:9-10)", scholars in political economy argue that "the reports of the death of the national economy are greatly exaggerated" (Wade 1996); similar ideas are expressed by Porter (1990:19) and Dicken (2003:122). More recently, nation-states in the core of the world-system have been significantly strengthened in the wake of the global financial turmoil. In the aftermath of this "once-in-a-century credit tsunami" (Greenspan: 2008), the UNCTAD (2008b) was advocating pro-active and more coordinated policies. Following the 2007-2009 global financial storm and despite spectacular precedents of countries rescued by the IMF in the 1990s (e.g: Argentina and Russia), it will be trivial to dismiss any near-future scenario of a demise of the State (Navari 1991; Singh 2001) in the core of the world-system. Whether the balance of socio-economic power tilts in favor of the increasing significance of TNCs at the expense of nation-states or retains a more complex form of dynamic equilibrium, the State remains of utmost relevance both in times of transnational economic expansion and of crisis and chaos (Arrighi and Silver 1999). In the early 1980s, the demise of the US imperialist order paved the way for a more complex ensemble of supranational market forces. At the time, Arrighi (1982:61) could not see any end in sight of the neoliberal paradigm for 'no viable political alternative to the economic "internationalism" of core capital has emerged in world politics so far' (Arrighi 1982:108). However, Wallerstein (2008) recently argued that the current meltdown is likely to resonate as a prophetical epitaph of the capitalist world-system. However, I do not predict that the effects of the internationalization of production will be merely cancelled out by the ongoing redistribution of power between the major actors of the world-system. The latter include ailing financial institutions, struggling private operators experiencing a dramatic decline in creditworthiness, increasingly anxious households suffering from rising uncertainty and reduced purchasing power and finally a set of very heterogeneous States, being either re-empowered in spite of severe recession fears in the core of the world-system, or literally faltering in the periphery (e.g: Iceland, Russia or Indonesia...) whilst collectively trying to restore confidence in frozen-up credit markets. In this highly stimulating perspective of a multilateral reconfiguration of global governance institutions, it is arguably time for a wide-ranging consortium of States to espouse the patterns of the globalization of production by introducing a supranational numerical vehicle in order to monetise the income-generating activities of TNCs. The contribution of the TME to this ambitious endeavor is presented in the next section. Feasibility issues will be briefly discussed.

THE TME, A STEPPING-STONE FOR A COMMON WORLD CURRENCY?

Rethinking the International Financial System in the Light of the TME

My objective in this section is to draw on the TME and present a potential trajectory of the world-system as well as a proposal for a massive reform of international payments. Keynes (1980) once argued that this issue has never been satisfactorily dealt with:

> The problem of maintaining equilibrium in the balance of payments between countries (....) methods of barter gave way to the use of money and bills of

> exchange. During most of the period in which the modern world has been evolved […] the failure to solve this problem has been a major cause of impoverishment and social discontent and even of wars and revolutions.

Interestingly, the International Monetary Fund (2000:37) has already expressed concerns about the sustainability of the current system while Stiglitz (2003:1) argues that the latter accounts for many of the ills of the world economy:

> Something is wrong with the global financial system. One might think the system would shift money from rich countries, where capital is in abundance, to those where it is scarce, while transferring risk from poor countries to rich countries ones, which are most able to bear it. A well-functioning global financial system would provide money to countries in their times of need, thereby contributing to global economic stability.

Incorporating TNCs into the TME extends the analytical reach of real emissions. Therefore, a *transnational real emission* is both the abstract interval (i.e the quantum of time) over which the transnational production process spans as well as its economic outcome (i.e the end-product of the TNC). Aggregate transnational production is the sum of all transnational real emissions, defined as the countless chronologically and geographically overlapping quanta of time necessary to generate all the value added of TNCs. Despite the sheer complexity of transnational production due to its multidimensional fragmentation (Ietto Gillies 2005), the distinction between standard and transnational real emissions can be unambiguously performed if the monetisation process put forward in the TME is consistent with the macroeconomic definition of wages, which "are not merely the result of an expenditure of money but the product of an expenditure of labor [...]. Workers emit real output and their wages are the result of the emission" (Schmitt 1984:95). Likewise, Cencini (2001:117) argues that “[the payment of wages] is the unity of the new output and of its monetary form. When wages are paid, output is converted into money, i.e. it is issued as a sum of money”. In the initial stages, transnational money-income would thus be equated to the wage-bill of TNCs. The common world currency could be introduced *de facto* by TNCs in the payment of their wage-bill and would therefore be endogenously determined. The capital accumulation of TNCs would then require a separate institutional proposal (not discussed here) for a new monetary reform consistent with the theoretical distinction between money, income and capital (Schmitt 1984:328).

Other Benefits of a Common World Currency and a Revisited ICU

The previous paragraph has shown that the mission of the proposed world central bank would be to distentangle ‘standard’ and ‘transnational’ real emissions by providing a supranational numerical vehicle for the latter. Schmitt (1977:111-2) once suggested that the future world central bank be divided into a monetary and a financial department. The latter would be an international financial institution *per se* supervising financial intermediation between debtor and creditor countries. In my renewed framework, the former would be the first institution responsible for issuing transnational money emissions. Interestingly, to the question “[a]re we, indeed, in a brave new world, where sustained current account deficits, even by the world’s largest country, no

longer have significant implications?", Obstfeld and Rogoff (2001) answered: "in brief, not yet". This early admission by two eminent international economics specialists sheds light on the benefits of an evolution foreseen three decades ago (Brandt Report 1980):

> The reform of the international monetary system should be urgently undertaken by all interested parties building on the large measure of consensus [...] and taking account of current difficulties and dangers. Reform involves improvements in the exchange rate regime, the reserve system, the balance of payments adjustment process, and the overall management of the system, which should permit the participation of the whole international community.

Today, the UNCTAD (2008b) implicitly advocates the stabilizing effects of an ICU:

> The undesirable effects of the necessary but painful unwinding of unsustainable debt can be compensated only if the surplus countries reduce their surplus positions [...] and provide policy stimuli to avoid a long recession or even a depression of the global economy.

The UNCTAD (2008b) stresses the links between speculation and global imbalances:

> Speculation is resulting in currency overvaluation and huge currency mismatches on the balance sheets of domestic households and companies. They should be aware of the repercussions on their trade balances and of the possible need to devalue their currency.

A common world currency would thus channel speculation on assets denominated in domestic currencies roaming free on international capital markets. The ICU would also become a powerful instrument of global governance to control e-money flows in cross-border transactions (Guttman 1998:433-4; Barnett and Cavanagh, 2003:60).

Political Considerations in the Proposed Transnational Monetary Regime

As argued by Mundell (2003:18):

> Currency is a medium of exchange and payment, the way language is a medium of expression and conveyance of information. Just as a common language might be the most efficient means of communication of facts and ideas, so a common unit of account might be the most efficient means of communicating prices.

Political aspects of world monetary reform are absent in the TME. This is most unfortunate for international politics has historically impeded the path toward a common currency set against the backdrop of nationalistic reactions of reluctance and resentment. The feasibility and the institutional stability of a world currency are thus highly contingent on the political structure of the world-system. The key issue is whether the latter is conceived of as a mere collection of independent nation-states catering their own national economies or as a comprehensive and

multidimensional world-system transcending national boundaries wherein nation-states are no longer viewed as strictly separate and independent units. In the former, governments do have an irresistible incentive to create their own monetary form (Mill 1894:176). However in the latter, world-systems research offers a way out of this geopolitical impasse. Although there has been some foreshadowing of an unavoidable Tower of Babel in the background of our hypothetical transnational monetary world, what was once deemed utopian could turn into a much more realistic political breakthrough under the impulse of well-inspired national governments devising a post-crisis world governance scenario by solemnly agreeing not to oppose such a world monetary reform. Our theoretical endeavor would nonetheless be faced with its most serious pitfall for currencies have always been associated with national political sovereignty and made consubstantial to national heritage through customs and habits ever since monarchies have put the faces of kings on coins as claims of loyalty. Major powers will certainly remain reluctant to give up a share of their monetary sovereignty as long as provision for adequate compensation or political power in the larger unit is not satisfactorily guaranteed. In fact, the very existence of hegemonic powers seemingly runs counter to the idea of a world currency (Mundell 2003:4):

> Just as Britain did not want the world currency in the nineteenth century because it would infringe on the universality of the pound, so the United States did not accept the world currency at Bretton Woods because it would reduce freedom of action with respect to the dollar.

However, one should not overlook other concerted endeavours aimed at overcoming these obstacles. For instance, following the 1967 Rio de Janeiro annual meeting of the IMF, Special Drawing Rights were close to becoming “the embryo of a global currency” (Mundell 2003). Groundbreakingly, this idea was revived - and thus politically reinforced - by a stunning proposal (Xiaochuan 2009) made by China, Russia, a UN panel and others:

> The outbreak of the current crisis and its spillover in the world have confronted us with a long-existing but still unanswered question,i.e., what kind of international reserve currency do we need to secure global financial stability and facilitate world economic growth, which was one of the purposes for establishing the IMF? The above question, however [...] is far from being solved, and has become even more severe due to the inherent weaknesses of the current international monetary system.

The reason for the enduring Dollar hegemony (Liu 2002) in the post-World War II era was essentially the acceptance by the international community of the exorbitant privilege[2] accrued to the United States by virtue of its role as the key currency. I precisely argue in this paper that the latter situation has become obsolete in the early 21st century world-system while obstacles to a transnational alternative are no longer insurmountable, a configuration that would have been politically impossible before the 2007-2009 crisis broke. Importantly, the present

[2] This term is often misattributed to De Gaulle but was actually coined by Giscard D’Estaing in February 1965.

proposal of a common world currency would prevent countries from giving up their currencies. In the aftermath of the biggest crisis since the 1930s, the utterly influential People's Bank of China made the following statement (Xiaochuan 2009):

> The crisis again calls for creative reform of the existing international monetary system towards an international reserve currency with a stable value, rule-based issuance and manageable supply, so as to achieve the objective of safeguarding global economic and financial stability.

This fundamental issue has probably never been as vivid as today. While the Great Depression was undoubtedly a turning point in twentieth century interstate relations (Arrighi & Silver 1999:121), the current crisis resembles the one that happened in the 1930s and thus ineluctably foretells drastic change in the world-system.

CONCLUSION

I have attempted in this essay to draw on a heterodox monetary framework developed by Bernard Schmitt and identify its subsequent contribution to world-systems research. This has required a thorough reflection on the introduction of a common world currency. The major innovations would be the monetisation of transnational production by a world central bank managed by a consortium of nation-states, and a revisited Keynesian ICU that would harmoniously integrate debtor and creditor countries in the world-economy. The solution sketched out provides a numerical vehicle for transnational production activities and an outward monetary expression for the corresponding global community without undermining the interactive power of States. In our interdependent and globalized world, the monetisation of transnational production within a legitimate world-system has simultaneously become an economic necessity, an institutional challenge, an axiomatic conundrum and a political subject of contention. In times of chaos and radical uncertainty, particular proposals for world monetary reform will likely be the object of skepticism but fortunately, there will continue to be room for open-minded scholarly discussion to accompany the ongoing paradigm shift.
Finally, to quote Husserl (1935):

> There are some ideals that exist for individuals in their nations, and other ideals for the nations themselves. But, ultimately, there are also infinite ideals for the spreading 'synthesis' of nations, and in that synthesis each of these nations gives its best to its partner nations precisely by aiming for its own ideal task in a universal spirit.

At stake is nothing less than the testing of the strength and persuasiveness of world leaders to replace the failed neoliberal experiment by a more viable world-system.

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LE NEOLIBERALISME A L'EPREUVE DE LA CRISE DES SUBPRIMES

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ABSTRACT

The aim of this article is to analyse the ideological impact of the current financial and economic crisis upon the neoliberal values which predominate since the end of the 70s. The specificity of this economic crisis leads to a process of questioning on these values. This is far from being insignificant because cultural hegemony is reached when value judgements transform into assertions perceived as unquestionable, universal and natural. Up to now, there is no such a thing as an ideological revolution because all the economic interventions are justified on the ground of pragmatism. But at least, the current crisis allows the fundamental assertions of neoliberalism to come back to their value judgment status. Another important consequence of the crisis is that alternative value judgements also gain in legitimacy and audience. These conclusions are reached through an analysis of the various interventions actually implemented by governments and central banks and through the presentation of a selection of representative alternative visions of the current financial capitalist order.

RESUME

L'objectif de cet article est d'analyser l'impact idéologique de la crise financière et économique actuelle sur les valeurs néolibérales dominantes depuis la fin des années 70. La spécificité de cette crise porte à un processus de remise en question de ces valeurs. Ceci est loin d'être anecdotique car l'hégémonie culturelle est atteinte dès lors que les jugements de valeur se transforment en propositions indiscutables, universelles et naturelles. Jusqu'à présent, aucune révolution idéologique n'a encore eu lieu car toutes les réponses économiques à la crise sont justifiées par souci de pragmatisme. Cependant, la crise permet de ramener les propositions centrales du néolibéralisme à leur statut de jugement de valeur. Une autre importante conséquence de la crise est que des jugements de valeur alternatifs gagnent en légitimité et en audience. Ces conclusions sont obtenues via une analyse des diverses interventions mises en œuvre par les gouvernements et banques centrales et via la présentation d'une sélection de visions alternatives à l'ordre capitaliste financier actuel.

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INTRODUCTION

Si la crise que traverse l'économie mondiale aujourd'hui est avant tout financière, puis économique et bientôt sociale, elle est aussi fondamentalement idéologique. Le cataclysme financier a cette fois secoué non pas un lointain pays en transition négociant difficilement ses mutations institutionnelles ou un pays en développement écrasé par le poids de sa dette au sein d'un continent exsangue mais bel et bien le coeur de la finance internationale et le berceau du néolibéralisme. Les déclarations fracassantes se succèdent de toutes parts annonçant ici le retour du keynésianisme, là, la fin du capitalisme, illustrant les errements idéologiques de prophètes à la recherche d'une nouvelle doctrine.

L'objet de cet article est de mesurer l'ampleur des changements idéologiques que la crise financière est susceptible d'amener. Quels sont les credo idéologiques malmenés par la crise financière ? Que révèlent sur le plan idéologique les remèdes de sortie de crise avancés (section 2) ? Vers quelle régulation économique et financière ces différentes solutions nous mènent-t-elles (section 3) ? Les réponses à ces différentes questions sont de complexité croissante.

Définir le néolibéralisme n'est pas chose aisée. Il existe toute une variété de pratiques et de philosophies politiques du néolibéralisme, allant du libéral-conservatisme défendue par les classes moyennes et les dirigeants de PME, et construit sur la base du désenchantement envers l'état providence, prônant la méritocratie et le désengagement de l'état, jusqu'au libéral modernisme qui s'apparenterait plutôt à un keynésianisme de droite soutenu par le grand patronat, attribuant à l'état le rôle de mettre en place les institutions les plus favorables à leurs affaires sur le plan national et international. La *pensée unique* popularisée par Bourdieu, le slogan Thatcherien TINA (*there is no alternative*), le libertarianisme hayekien ou encore le *Consensus de Washington* défini par Williamson en sont autant de représentations différentes. Cette nature polymorphe est cependant unifiée autour d'un projet commun d'opposition au collectivisme et au socialisme et de développement d'un programme distinct de celui du libéralisme classique. Ce projet s'est matérialisé sous l'impulsion de l'active et influente Société du Mont Pèlerin et autres organisations néolibérales partisanes qui ont contribué à normaliser le discours autours du néolibéralisme, à travers leurs actions auprès des médias, des dirigeants politiques, des chefs d'entreprises et des universitaires.[1]

Ce discours, devenu dominant, a progressivement perdu son caractère de jugement de valeur puisque le propre d'un jugement de valeur est d'être l'objet de confrontation et non d'un consensus ; le consensus politique et économique autour de l'idée de la capacité des marchés à s'autoréguler en marque la domination culturelle, le passage du statut de jugement de valeur à celui de dogme.

Le succès néolibéral se mesure par l'ampleur de la banalisation des valeurs qu'il véhicule.[2] A partir du moment où les dirigeants déclarent qu'il n'existe pas d'alternative au

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[1]L'ouvrage de Philip Mirowski et Dieter Plehwe (eds. 2009) offre une vision synthétique des complexités inhérentes à la pensée néolibérale ; les auteurs explorent, à travers les articles présentés, les origines du néolibéralisme, de la fondation du Mont Pèlerin aux plateformes politiques de Ronald Reagan et Margaret Thathcher et au Consensus de Washington et examinent les mécanismes par lesquels le discours néolibéral a forgé l'économie mondiale.

[2] Pierre Bourdieu décryptait en 1996 une note du gouverneur de la banque centrale allemande, Hans Tietmayer. Le sociologue souligne l'étendue des jugements de valeur qui ponctuent le texte et s'interroge sur le paradoxe qui veut que ce texte « extraordinaire » du point de vue idéologique, (Tietmayer y parle de

capitalisme, où les hommes politiques s'accordent pour voir la solution du marché comme naturelle et universelle (la troisième voie formulée par Anthony Giddens réconcilie socialisme et économie de marché), où la société civile est convertie à la méritocratie jusqu'au plus profond de ses rouages (éducation, sport, statut social), alors il semble bien que le néolibéralisme, depuis les années 80, soit passé du statut d'idéologie à celui de pensée hégémonique au sens de Antonio Gramsci (1975). L'hégémonie culturelle traduit la domination de pratiques quotidiennes et de croyances collectives qui, bien qu'appartenant à une classe sociale déterminée, la classe dominante, deviennent naturelles pour tous. Il faut un cataclysme pour remettre en discussion des normes sociales passées du statut de jugements de valeur à celui de valeurs universelles. La question est de savoir si la crise des *subprimes* représente aujourd'hui un tel cataclysme. Certes, les solutions mises en œuvre pour endiguer la perte de confiance des acteurs économiques remet sur le devant de la scène le rôle de l'état et la nécessité de réguler. Mais un mythe est difficile à faire vaciller, comme l'illustre l'échec des crises précédentes à remettre en discussion le credo libéral. La situation actuelle est différente, l'importance des interventions et divers plans de sauvetage mis en œuvre par les états marque une rupture dans la pratique néolibérale qui se traduit bel et bien par une remise en question idéologique, celle-ci rendant légitimes les interrogations relatives aux scenarii alternatifs au néolibéralisme. Certes l'exercice est délicat, mais de plus en plus d'intellectuels, de décideurs économiques et d'hommes politiques s'y essaient. Les scénarii balaient une large palette de possibilités, allant du simple retour à une réglementation plus morale de la finance jusqu'à la fin du capitalisme.

DE LA DIFFICULTE A ASSIMILER LES DECONVENUES A LA RUPTURE DE LA CRISE DES *SUBPRIMES*

Ni l'explosion des nombreuses bulles spéculatives qui ont ponctué l'économie mondiale depuis les années 80 (immobilière en 1990, bancaire asiatique en 1997, de la nouvelle économie en 2000), ni les accrocs au C*onsensus de Washington* (crise d'endettement des pays d'Amérique Latine dans les années 80, effondrement institutionnel et économique des pays en transition dans les années 90), ni les scandales financiers (Enron), ni les difficultés croissantes des économies occidentales (montée des inégalités aux Etats-Unis à partir de la fin des années 90, déficits records) n'avaient jusqu'ici remis en doute la croyance en la capacité auto-régulatrice des marchés : dans les discours dominants, l'explosion des bulles est interprétée comme un garde-fou salutaire et les diverses difficultés résultent de l'incapacité des pouvoirs publics à mettre en place un véritable système de libre marché, les imperfections sont pointées du doigt, les lourdeurs et la complexité des règles fiscales sont mises en cause. Malgré les déconvenues, le FMI continue à conditionner ses prêts à l'adoption de plans d'ajustement structurels néolibéraux que l'expérience malheureuse de l'Argentine n'a pas contribué à modifier. Pourquoi la crise des *subprimes* serait-elle différente ? Pourquoi, contrairement aux précédents évènements déstabilisateurs, porterait-

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l'effort de flexibilité à faire sur le marché du travail pour atteindre une nouvelle phase de croissance) passe pourtant inaperçu tant il s'inscrit dans la normalité du message relayé par les décideurs politiques et les médias qui contribuent à faire du néolibéralisme et de sa rhétorique accès sur la liberté, un discours tout à fait naturel.

elle en son sein une remise en question du néolibéralisme ? La crise des *subprimes* est différente de ce point de vue en raison de la confluence de quatre circonstances :

- son origine : l'échec du marché à se réguler touche non plus un pays émergent ou en développement mais le gotha de la finance mondiale, *Wall Street* et les principales places mondiales.
- son ampleur : la crise touche dans sa première phase le marché des titres *subprimes* qui représente environ 1000 milliards de dollars et dont la valeur s'effondre brutalement à l'été 2007 ; le Fond Monétaire International a réévaluer fin janvier 2009 à 2200 milliards de dollars le montant de la dépréciation globale des actifs bancaires ;[3] la faillite de la banque d'affaire Lehman Brothers provoque la chute vertigineuse des principales places boursières entraînant dans le marasme l'économie réelle.[4] Il s'agit de la plus importante crise économique depuis l'après-guerre et le parallèle avec l'ampleur de la crise de 1929 devient évident.
- son rayonnement : aucun acteur (banques, assurances, fonds de pension, hedge funds, salariés, entreprises…) et aucun secteur (bâtiment, automobile, énergie, grande distribution, textile…) n'est à l'abri.
- la nature des mécanismes qui portent la crise : les institutions développées dans le but d'optimiser le système financier (titrisation, agences de notation) sont à l'origine même de son implosion.

Le discours de George W. Bush annonçant le plan de sauvegarde du système bancaire, après le choc de la faillite de la banque Lheman Brothers est comparable dans sa rhétorique à celui de son allocution après les attentats du 11 septembre 2001 : l'*American Way of Life* est en danger et les autorités sont dans ces conditions obligées « de faire quelque chose », il faut abandonner provisoirement les valeurs américaines de liberté individuelle dans le cas du 11 septembre, du libre marché dans le cas de la faillite du système bancaire, afin de pouvoir à terme recouvrer ces valeurs fondatrices. Le 23 septembre 2008, le *Wall Street Journal* titrait en une, « Wall Street tel qu'on la connu cessera d'exister ».

Le cataclysme bancaire redonne de fait la main aux états dont les réactions se sont enchaînées selon le scénario suivant :

a. Le gouvernement américain a d'abord réagi en aidant les ménages les plus endettés à travers le plan *Hope Now Alliance* de décembre 2007 ; il s'agit de protéger les ménages les plus fragiles par un gel des taux d'intérêt des prêts immobiliers à taux variables afin d'empêcher 300.000 saisies immobilières. L'état n'apporte au départ pas de ressources financières mais fournit un cadre règlementaire exceptionnel incitant à la renégociation d'accords privés entre la banque et l'emprunteur, la banque acceptant une perte immédiate plutôt que le long et coûteux parcours de saisie et de revente du bien immobilier hypothéqué dont la valeur perd en moyenne 30% lors du processus. Le plan est renforcé début 2009 par la nouvelle administration Obama, en parallèle à son plan de relance économique.

b. le second type d'intervention concerne le sauvetage direct du système bancaire. Le plan TARP (*Troubled Asset Relief Program*) mis en place en octobre 2008 par le secrétaire au Trésor américain Henry Paulson, permet au Trésor d'acquérir jusqu'à 700 milliards de dollars de

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[3]*Rapport sur la stabilité financière dans le monde*, 28 janvier 2009.

[4]Ainsi l'indice *Dow Jones* se retrouve début mars 2009 à ses niveaux de 1997 alors que le Nikkei est à son plus bas niveau depuis 26 ans.

créances douteuses détenues par les banques américaines, en particulier les fameux titres adossés aux prêts bancaires hypothécaires. Un second volet de 350 milliards a été rajouté en Janvier 2009, assortie de conditions relatives au plafonnement des bonus reçus par les dirigeants des institutions bancaires et leur engagement à assouplir leurs conditions d'octroie de prêts aux entreprises et aux particuliers. C'est à ce niveau qu'apparaissent les premiers clivages entre les modèles d'intervention américain et anglais : les Etats-Unis privilégient la garantie ou le rachat des actifs toxiques détenus par les banques dans une perspectives optimiste selon laquelle la crise financière serait avant tout une crise de confiance sous-évaluant momentanément la valeur de ces actifs. Le gouvernement pourraient alors les revendre dans un second temps, une fois la confiance rétablie tout en limitant les pertes pour le contribuable américain. Le gouvernement anglais partage avec le Fond Monétaire International un scénario beaucoup plus pessimiste selon lequel les banques seraient véritablement en situation d'insolvabilité, privilégiant plutôt la recapitalisation des établissements financiers par prise de participations directes de l'état et des nationalisations temporaires. Les différents pays de la zone Euro ont quant à eux adopté des plans de sauvetage concertés à l'issue du sommet extraordinaire de l'Eurogroup du 12 octobre 2008. Les états européens offrent la garantie aux prêts interbancaires et créent des structures de recapitalisation des institutions bancaires pour un montant global alors de 1700 milliards d'euros. Ces différents plans n'ont cependant pas permis pour l'instant d'assainir la situation comptable et de rétablir la confiance au sein du système bancaire international ; l'idée de nationaliser les banques fait sont chemin dans les esprits des deux côtés de l'atlantique.

c. les banques centrales ont mis en œuvre les outils standards de politique monétaire, à savoir (1) l'injection de liquidité afin de réduire la tension sur le marché interbancaire où les banques rechignent à se prêter des liquidités les unes aux autres en raison des craintes réciproques d'insolvabilité liées au montant non révélé de détention d'actifs adossés aux prêts hypothécaires que chaque banque détient dans son bilan et (2) l'action sur les taux d'intérêt afin de facilité l'accès au crédit aux entreprises et aux particuliers. Là encore, des divergences marquées sont apparues entre les actions de la Banque Centrale Américaine (Fed) et celles de la Banque Centrale Européenne (BCE). Les USA ont très rapidement provoqué la chute de leurs taux d'intérêt afin de desserrer l'étau de l'endettement sans se soucier du risque inflationniste. La BCE s'est limitée dans ses premières interventions a injecter des liquidités dans le système bancaire européen, sans diminuer ses taux ; la BCE croyait alors en la persistance dans la zone Euro d'un risque inflationniste substantiel alimenté par la hausse spectaculaire du prix du pétrole et des matières premières. A l'automne 2008, avec le recul de prix du baril de *brent* et la montée de la menace récessionniste, la BCE a rejoint le concert des plus importantes banques centrales mondiales en abaissant de façon coordonnée et massive ses principaux taux directeurs. La lutte contre la récession devient la priorité et le danger devient au contraire déflationniste.

Lorsque les taux d'intérêt ont atteint des niveaux historiquement bas, la marge de manœuvre des autorités monétaires s'est retrouvée réduite.[5] Au même moment, la crise financière contaminait la sphère réelle de l'économie, avec une dévalorisation de la valeur boursière de l'ensemble des actifs et des perspectives de récession de plus en plus tangibles. L'outil monétaire

[5]D'autres outils d'interventions marginaux ont été mis en place par les banques centrales comme l'assouplissement des conditions d'obtention des prêts aux établissements bancaires, l'élargissement de la palette des actifs acceptés en garantie par les banques centrales qui accordent ces prêts, l'allongement des échéances de remboursement.

devait être relayé par l'outil budgétaire, sorti unanimement de plus de trente ans de désuétude par l'ensemble des gouvernements. Si tournant idéologique il y a, c'est à ce moment précis, lors de l'évidence des limites de l'outil interventionniste monétaire standard, qu'il a lieu.

d. Dès la chute vertigineuses des principales places boursières mondiales, les annonces de plans de relance budgétaire massifs se succèdent. La Chine annonce en octobre 2009, 586 milliards de dollars pour soutenir ses exportations ; en Europe, l'Allemagne met en place deux plans successifs de relance budgétaire en décembre 2008 et février 2009 pour un total de 82 milliards d'euros alors que le Royaume-Uni annonce dès novembre 2008 une réduction de la TVA pour soutenir le pouvoir d'achat complété un mois plus tard par un plan de relance de 20 milliards de Livres Sterling ; en France, un plan de relance de 26 milliards d'euros privilégiant pour sa part les investissements est voté fin janvier 2009.

Aux Etats-Unis, dès son élection, Barack Obama annonce que l'adoption d'un plan de relance ambitieux sera sa priorité au lendemain de son investiture. Il faudra cependant attendre près d'un mois avant qu'effectivement, mi-février 2009, un plan de 787 milliards de dollars soit finalement adopté. Ce délai et les modifications substantielles apportées au plan original témoignent des divergences politiques sur la nature de la relance économique budgétaire : l'économie doit-elle être soutenue principalement par les investissements et des réductions d'impôts aux entreprises ou bien par une stimulation directe de la demande ? Ce sont en ces mêmes termes que le débat se pose au niveau mondial. Certes, il existe un consensus autour de la nécessité de compléter massivement les outils standards de politique monétaire par une action budgétaire qui dépasse la simple action contracyclique des stabilisateurs budgétaires automatiques.[6] Mais, au-delà de la nécessité reconnue « de faire quelque chose » et de l'abandon unanime de l'état minimal, se redessinent les contours idéologiques qui opposent les politiques de l'offre à celles de la demande : le plan de relance américain original prévoyait, pour un total de 838 milliards de dollars, que seul un tiers des dépenses soient allouées à des réductions d'impôts aux entreprises et que les deux tiers restants soient investis en grands travaux d'infrastructures et d'innovation, dans de nouvelles politiques de santé, d'éducation et de lutte contre la précarité. Au final, 50% du plan seront dédiés aux allègements fiscaux sur un montant total réduit de 51 milliards de dollars. En France, le « président du pouvoir d'achat » (slogan de campagne électorale désormais obsolète) privilégie un plan d'investissement, préférant tabler sur une hausse future de productivité liée à l'exploitation des nouvelles infrastructures plutôt que de soutenir immédiatement et massivement une demande interne en berne. En cohérence avec son économie exportatrice, l'Allemagne privilégie également une relance par des allègements fiscaux aux entreprises et des investissements mais développe parallèlement son système de protection sociale pour soutenir les chômeurs et les travailleurs précaires. A l'opposée, le Royaume-Uni, l'Espagne, Taiwan, la Chine misent leur relance sur le soutien au marché intérieur.

A la fin des années 70, le chancelier Allemand, Helmut Schmidt, a laissé à la postérité une phrase devenue théorème, avant d'être érigé en dogme par toute une génération : *« Les profits d'aujourd'hui, font les investissements de demain et les emplois d'après demain. » Le débat qui*

[6]En situation de crise, des entrées fiscales plus faibles liées au ralentissement de l'activité se couplent à des dépenses publiques plus importantes lié à la hausse des prestations sociales ; le budget de l'état tend au déficit et prend ainsi en charge une part des difficultés. En situation de croissance, les dépenses sociales baissent automatiquement alors que les prélèvements fiscaux augmentent, consolidant ainsi le budget de l'état.

resurgit entre une relance par les investissements et une stimulation de la demande place cette affirmation au centre du débat et représente une nouvelle manifestation des effets de la crise sur les credos idéologiques acquis depuis plusieurs décennies. Cependant, que la relance se fasse par les investissements ou par la consommation, il s'agit moins d'intervenir pour changer le modèle de société que de pallier une urgence :

- l'intervention doit être *temporaire.* Les investissements en infrastructures cessent dès que le travail est accompli ; les consommateurs sachant que la baisse de la TVA est limitée dans le temps, sont incités à anticiper une partie de leurs achats ; la distribution de bons d'alimentation aux USA ou bien de coupons de consommation comme en Chine et à Taiwan peut cesser à tout moment.
- l'intervention doit être *ciblée* afin d'éviter un saupoudrage inefficient. La baisse des impôts doit concerner les ménages susceptibles de dépenser ce pouvoir d'achat supplémentaire et non ceux susceptibles de l'épargner ; les couvertures sociales des plus bas revenus sont améliorés à travers le développement de l'assurance chômage comme en Allemagne, au Japon ou aux USA où de plus, le gouvernement réfléchi à la possibilité de maintenir la couverture sanitaire des travailleurs perdant leur emploi.
- l'intervention doit être *rapide* afin que ses effets puissent se faire ressentir le plus vite possible. Il s'agit d'éviter que l'économie mondiale ne plonge de la récession à la dépression et que le poids de la dette nécessaire pour financer ces différentes mesures ne se traduise en un handicap supplémentaire à surmonter. Claude Junker, président de l'Eurogroup et Mario Tremonti, ministre italien de l'économie plaident à ce titre pour la création d'une agence européenne d'émission de la dette afin d'éviter que les situations les plus fragiles comme celles de la Grèce, de l'Irlande, du Portugal et des pays d'Europe centrale ne fragilisent la cohésion de l'Union Européenne par des risques de défaut renchérissant la coût de la dette. Aux Etats-Unis, la Fed est intervenue sur le marché des bons du Trésor. Elle est disposée à acheter des obligations souveraines. Cette mesure, qui peut être inflationniste, équivaut pour la Fed à *" faire marcher la planche à billets "* afin d'acheter une partie de la dette de l'état. L'urgence de voir les diverses mesures de relance se concrétiser se traduit par l'apparition de tensions protectionnistes : aux Etats-Unis le « buy American act » est un amendement du plan de relance selon lequel le fer et l'acier nécessaire aux travaux d'infrastructure devront être produits nationalement ; dans le reste du monde, les plans de relance mettent l'accent sur l'aide à des secteurs à faible contenu d'importations, comme le bâtiment et les infrastructures. Ainsi en France, l'aide au secteur automobile est conditionnée au maintien de l'emploi, impliquant pour cette industrie en crise depuis plus d'un an des allègements d'effectifs à l'étranger, en particulier en République Tchèque et en Slovaquie.

Au-delà des divergences dans les modalités d'intervention de chaque état, il est possible de synthétiser les diverses actions mises en œuvre autour d'un schéma commun. Les premières interventions ont eu pour objectif de garantir la solvabilité du système bancaire, de rétablir la confiance entre les institutions financières et d'assurer la liquidité du système afin d'endiguer le durcissement des conditions d'obtention de prêts aux particuliers et aux entreprises. La seconde vague d'interventions concerne les plans de relance qui visent à limiter les conséquences réelles de la crise financière en venant en aide aux secteurs industriels en difficulté, en particulier au secteur automobile, en stimulant les investissements, en mettant en œuvre des grands travaux d'infrastructure permettant de soutenir l'industrie du bâtiment, de maintenir, voire de créer des emplois et de doter les économies de nouveaux atouts de développement, en défendant enfin le pouvoir d'achat des consommateurs par diverses réductions d'impôts et incitations à la

consommation. Ainsi, malgré les divergences initiales de politiques monétaires et les questions relatives à la destination des dépenses publiques, la réponse apportée à la crise est somme toute consensuelle : l'heure n'est plus à l'état minimal, les règles du jeu des marchés doivent être reprécisées dans un cadre international, la finance doit être moralisée.

En ces termes, la redécouverte des vertus du Keynésianisme n'est pas une rupture idéologique très profonde. Certes, le fait que l'on puisse seulement évoqué aux Etats-Unis la possibilité de la nationalisation des banques marque une évolution substantielle des esprits mais, le pragmatisme, la nécessité de faire quelque chose, prend le pas sur la réflexion idéologique et partout le réformisme triomphe.[7] La remise en cause de l'efficience du marché, en particulier des marchés financiers, accompagnée de la réhabilitation de l'interventionnisme permet de préserver les institutions de base du capitalisme. L'ampleur de la remise en cause idéologique est directement proportionnelle à celle de la crise et la crise est suffisamment importante pour justifier un interventionnisme d'urgence, temporaire et ciblé mais non encore suffisamment pour provoquer une véritable remise en question des fondements du système capitaliste.

En particulier, la mise en accusation unanime des rouages de la finance mondiale permet de préserver les autres institutions du capitalisme. « Ce qui est à l'origine de tout ce problème…» disait au lendemain de son élection le nouveau président américain, «… c'est la déréglementation du secteur financier », avant de se prononcer en faveur d'un contrôle des fonds spéculatifs et des agences de notation, d'une refonte des autorités de régulation et d'un pouvoir accru de contrôle de la banque centrale, précisant que la réforme de la régulation financière sera l'une des priorités législatives de son administration. En France, les discours politiques renouent avec une conception ancienne du capitalisme dans la tradition colbertiste d'un état entrepreneur, qui anime et entraîne son industrie, dépassant le simple interventionnisme régulateur et protecteur de la troisième voie chère à Tony Blair entre socialisme et marché. Le président français Nicolas Sarkozy déclarait le 08 janvier 2009 en ouverture au colloque international « Nouveau Monde, Nouveau Capitalisme » que « le capitalisme financier a perverti la logique du capitalisme … Le capitalisme c'est l'effort, c'est le travail, c'est l'esprit d'entreprise, c'est la propriété privée, c'est l'investissement à long terme… Mais la crise du capitalisme financier n'est pas la crise du capitalisme. Elle n'appelle pas à la destruction du capitalisme qui serait une catastrophe, mais à sa moralisation ». Fustiger la finance permet de préserver les fondations d'un système de coordination économique qui domine le monde depuis près de 500 ans mais n'empêche pas de s'interroger sur les contours de sa nouvelle mutation. Le capitalisme, au départ marchand, puis industriel et aujourd'hui financier fait peut être face aujourd'hui à une nouvelle évolution et la crise financière et économique contemporaine, conjuguée au défi environnemental latent a au moins le mérite de légitimer les interrogations quant aux scénarii de son évolution.

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[7]Le conseiller de Jimmy Carter, Alfred Kahn, avait provoqué la colère du Président américain en employant le terme de « dépression ». Il avait alors remplacé le terme incriminé par celui de « banane ». Le terme tabou de « nationalisation » commence aujourd'hui a être ouvertement employé aux USA, que ce soit par ses défenseurs (les économistes Paul Krugman, Nouriel Nourini, Joseph Stiglitz et même l'ancien directeur de la FED, Alan Greenspan) ou ses détracteurs (le conseiller économique du Président, Lawrence Summers ou le financier Georges Soros). Les tours de paroles (par exemple la « mise sous tutelle » des établissements de refinancement hypothécaire Freddie Mac et Fannie Mae ou les « prises de participation massive » de l'état dans les établissements bancaires comme la City Group) ne sont plus de mise.

LES CONTOURS DU POST-CAPITALISME FINANCIER

Jusqu'à présent, la crise financière a donc produit un consensus politique autour d'un réformisme keynésien pragmatique. Des voix s'élèvent cependant pour fustiger le manque d'audace des différents plans d'intervention public, analysés comme des opportunités gâchées de modifier réellement nos modèles de société. La gamme des critiques est ample, la crise étant pour les plus téméraires des réformistes l'occasion de prendre sérieusement en compte le défi environnemental à travers la mise en place d'un *new deal écologique* alors qu'elle ne représente rien de moins pour les plus radicaux que la confirmation d'une remise en cause systémique du système capitaliste lui-même. La marginalité de ses propositions est elle-même directement fonction de leur radicalisme, bien que l'occurrence de la crise ait indubitablement déplacé dans l'opinion publique le curseur de la légitimité de ces remises en question en faveur des positions les plus osées.

Ce phénomène est renforcé par l'accentuation de la défiance envers la représentation politique traditionnelle que suscite l'état de crise et qui incite la société civile à faire davantage entendre sa voix. La société civile s'exprime alors à travers des canaux parallèles à ceux du pouvoir politique, à travers des mouvements de contestation et de revendication divers. Le rôle des associations, des organisations non gouvernementales, des intellectuels, est de capter ces revendications et de leur offrir un cadre conceptuel permettant de leur donner un plus large écho. En particulier, la période de crise actuelle permet de cette manière de remettre sur le devant de la scène des modes alternatifs de consommation et de production tenant compte du défi environnementale ou remettant en cause l'accumulation continue du capital. Les revendications écologiques sont massivement relayées sur la tribune internationale par les analyses et recommandations de l'Organisation des Nations Unis ; plus radicaux, les théoriciens de la décroissance sont à la croisée des chemins entre revendications écologiques et remise en cause des fondements du capitalisme ; à l'extrémité de l'éventail des revendications, les auteurs marxistes analysent les contradictions internes au système capitaliste dont cette crise est simplement une nouvelle manifestation. Les travaux de Immanuel Wallerstein en sont une excellente représentation. Tous acquièrent, à l'occasion du questionnement idéologique permis par la crise, une audience renouvelée.

Global Green New Deal

Dès 1987 avec la publication du rapport Brundland, l'ONU cherche à attirer l'attention de la communauté internationale sur la gravité de la crise environnementale qui guette la planète. Le rapport définit le concept de développement durable comme un mode de développement qui répond aux besoins du présent sans compromettre la capacité des générations futures de répondre aux leurs. Si suite à ce rapport et aux efforts de l'ONU, l'ensemble des pays ont souscrit à un objectif de développement durable, cette intention est demeurée un vœux pieux que la montée des dangers environnementaux n'a pas concrétiser. Deux circonstances ont permis à ce que la crise financière et économique contribue à recentrer l'intérêt sur les questions environnementales : une circonstance idéologique et une nécessité pragmatique :

- la crise environnementale n'est par essence soluble qu'à travers une régulation supranationale qui se heurtait jusqu'alors à un double obstacle : dépasser les réticences envers l'interventionnisme et mettre en place une coordination internationale de gestion de crise. Or,

depuis l'éclatement de la bulle *subprime*, ces deux barrières sont tombées et rien n'empêche ce changement idéologique de profiter pareillement à la cause environnementale ;

- relancer l'économie nécessite de centrer les efforts sur les secteurs les plus susceptibles de créer des emplois pérennes et les secteurs liés à la protection de l'environnement ont un potentiel de croissance particulièrement important. La préservation de l'environnement se dessine comme la possible industrie motrice du 21ième siècle après le feu de paille des nouvelles technologies et la nécessité de trouver un remplaçant à une industrie automobile dont le rôle de locomotive touche à sa fin.

Forte de ce revirement international, l'ONU à travers le programme des Nations Unis pour l'environnement (PNUE) milite pour l'adoption d'un véritable *green new deal* à l'échelle planétaire. Dans son rapport de février 2009, *A Global Green New Deal* (GGND) (Barbier, 2009), le PNUE s'efforce de trouver des arguments économiques forts en faveur d'une action massive et concertée des gouvernements en faveur de l'environnement. L'objectif est de démontrer que les mesures visant à préserver l'environnement constituent des solutions de sortie de crise. L'habileté du rapport tient en la démonstration suivante : la crise environnementale préexiste à la crise financière et économique ; les projections issues de travaux précédents comme le rapport Stern (2006) sur l'impact économique du changement climatique, montrent que si rien n'est fait pour contrer les tendances actuelles liées au réchauffement climatique, à la raréfaction des ressources naturelles et à la destruction des écosystèmes et de la biodiversité, d'ici à 2030 l'économie mondiale verra sa demande en énergie augmenter de 45% avec un prix du pétrole augmentant à 180$ le baril de *brent*, alors qu'une augmentation de 5 à 6 degrés de la température de la planète conduirait quant à elle à une réduction du PIB mondial de l'ordre de 5 à 10%. De plus, avant même l'occurrence de la crise financière, les Nations Unies estimaient déjà que pour 2015, un milliard de personnes vivraient avec moins de un dollar par jour et trois milliards avec moins de 3 dollars. La récession est capable d'empirer ces chiffres. Si la réponse à la crise économique laisse de côté ces défis planétaires et se concentre uniquement sur la reprise économique de court terme, l'économie mondiale connaîtra par la suite des difficultés insurmontables. Or, la poursuite des objectifs de long terme de développement soutenable permettrait également de résoudre la crise économique de court terme**.** L'un des principaux exposants de cette orientation, Nicholas Stern (2009), détaille dans son dernier ouvrage ce projet de réponse écologique à la crise financière en se concentrant sur le défi du changement climatique.[8]

Le GGND proposé aux états par l'ONU s'articule alors autours de trois principaux objectifs : relancer l'économie mondiale en créant de nouveaux emplois qui permettent de protéger les groupes les plus vulnérables ; réduire les émissions de carbone, préserver les écosystèmes et gérer supranationalement les ressources en eau potable ; lutter contre la pauvreté. Dans cette perspective, l'ONU a exhorter les membres du G 20 à consacrer au moins 1% de leur PIB au seul volet environnemental du GGND et a indiqué que de plus, un tiers des plans de relance devraient être consacrés à la protection de l'environnement. Cette prise de position fait suite à la déception après les effets d'annonce sur les contenus écologiques des divers plans de relance adoptés à travers le monde pour contrer la crise économique et financière. Le candidat Barack Obama promettait la création de 5 millions d'emplois « cols verts » ; le président français, dans la foulée de la création d'un « Grenelle de l'environnement » énonçait un *new deal*

[8]Dans cet ouvrage, Stern propose un G*lobal Climate Deal* structuré, guidé par des critères d'efficience, d'équité et de praticabilité.

écologique et économique ;[9] le Royaume-Uni créait la surprise en commissionnant un rapport sur les conséquences économiques du changement climatique. Mais dans les faits, seuls quelques pays acceptent réellement le défi. Ainsi, la Corée du Sud met en place un *new deal vert* de 30 milliards d'euros consacrés à la mise en place d'un réseau de transports écologique, à la dépollution fluviale et aux développement des économie d'énergie dans l'habitat ; la Chine, peu connue pour ses préoccupations environnementale, semble jouer la rupture et consacre 8% de son plan de relance, soit 35 milliards d'euros, à la protection de l'environnement tout en s'engageant pour le reste de ses investissements à ne pas favoriser d'activités polluantes ; le Japon privilégie dans son gigantesque plan de relance (trois plans successifs pour un total de 636,7 milliards d'euro) les investissements dans les activités combinant forte croissance potentielle et croissance verte, en particulier le soutien à la production et à l'achat de véhicules propres, le soutien structurel au marché des droits à polluer, la rénovation écologique des bâtiments, et divers avantages fiscaux aux particuliers et aux entreprises pour investir dans les énergies renouvelables. Les Etats-Unis complètent les efforts somme toute contenus en matière de préservation environnementale de leur plan de relance par un budget 2009 qui place l'environnement au cœur des priorités du gouvernement avec en particulier la création d'ici 2012 d'un marché payant des droits d'émission du CO_2. Au contraire, les principales mesures des économies européennes se révèlent bien en deçà des expectatives et renouent, à l'image du Royaume-Uni, de l'Allemagne et de l'Espagne, avec une vision plus traditionnelle et moins audacieuse de la politique budgétaire.

Décroissance

Le rapport Brundland peut recevoir diverses interprétations : la version forte met en avant la nécessité d'une régulation politique supranationale autoritaire alors que la version faible place plus de confiance en la régulation marchande et le progrès technique. Mais dans les deux cas, il s'agit de maintenir la cohésion entre croissance et durabilité. Certaines voix plus radicales s'élèvent cependant pour interroger la compatibilité entre croissance et préservation de l'environnement. Comment continuer à croître dans un monde aux ressources naturelles limitées ? Le progrès technique va-il permettre à l'infini la substituabilité des facteurs de production ? Tabler sur les trois R, Recycler, Réduire (l'usage des matières première) et Réutiliser (les déchets) suffira-t-il à repousser les limites de la planète ? Les tenants de la décroissance apportent des réponses différentes à celle du consensus réformiste keynésien vert à travers la remise en cause de l'impératif de croissance.

Cette idée n'est pas nouvelle. Dès le début des années 70, le rapport Meadows (1972), commissionné par le Club de Rome, avait fait grand bruit.[10] Cette équipe de chercheurs du MIT avaient élaboré un modèle mathématique mettant en relation les interdépendances entre l'évolution de la population mondiale, de la surface cultivable, de la production industrielle et agricole, de la pollution et des réserves en ressources naturelles. Leurs projections aboutissent à des résultats inquiétants : quelles que soient les hypothèses faites sur la disponibilité de la planète en ressources naturelles, (ressources limitées à trente ans ou quasi illimitées), le modèle explose

[9]Grenelle de l'environnement : concertation politique multi partis lancée par le gouvernement en mai 2007 pour déterminer l'orientation du pays en matière de développement durable, en référence aux accords de Grenelles de mai 68.

[10]Ce rapport vient d'ailleurs de faire l'objet d'une remise à jour (Meadows and als, 2004).

avant 2100. L'effondrement du modèle correspond à une chute brutale et significative de la population mondiale due selon les scénarii, à la famine ou à une pollution excessive. Une seule hypothèse permet de rendre le modèle viable au-delà de 2100 : la levée de la contrainte productive selon laquelle la production industrielle par tête doit toujours croître. Bien que le rapport n'émette aucune recommandation normative en ce sens, l'idée de stopper la croissance pour préserver le futur de l'humanité prend forme. Les théories modernes de la décroissance s'engagent résolument dans cette direction et s'opposent donc avec vigueur à toute idée de croissance et de développement, même durables.

Au-delà du rapport Meadows, les théorie de la décroissance se reconnaissent quelques précurseurs éclairés en économie politique comme David Ricardo (1917) et son évolution inéluctable de l'économie vers un état stationnaire, John Stuart Mill (1848) et sa vision d'un progrès technique non finalisé à l'accroissement de la production mais à une réduction continue du temps de travail, John Kenneth Galbraith (1975) et ses remises en cause sporadiques des bienfaits de la croissance. Conceptuellement, l'idée de la décroissance part de l'application du principe thermodynamique de l'entropie au système économique. Pour Nicholas Georgescu-Roegen (1995 : 81-2), « L'entropie d'un système clos augmente continuellement (et irrévocablement) vers un maximum ; c'est-à-dire que l'énergie utilisable est continuellement transformée en énergie inutilisable jusqu'à ce qu'elle disparaisse définitivement ». Or la production est utilisatrice du stock d'énergie terrestre. Les théories de la décroissance enrichissent ses analyses scientifiques de considérations philosophiques plus ou moins radicales de dénonciation de nos modes de vie moderne. Sont reprises à ce niveau les thèses de Ivan Illich (1973) pour qui le progrès et la croissance transforment les institutions sociales, les dénaturent, faisant perdre aux individus autonomie et convivialité ; celles de Jonas Hans (1979) qui fustige le style de vie délapidateur des pays industrialisés ; celles de André Gorz (1988) qui montre que l'idée de suffisance des besoins est incompatible avec le capitalisme défini comme un processus d'accumulation comme une fin en soi, la limite de la suffisance étant ainsi continuellement repoussée.

La décroissance n'est pas un corpus théorique bien défini. Elle est en ce sens l'une des facettes de l'altermondialisme ; au-delà d'un rejet unanime des bienfaits du progrès technique, présenté comme un vecteur de domination total – culturel, politique, économique – des économies développées sur les sociétés traditionnelles et la dénonciation de l'impératif de croissance ou de développement, les auteurs ne présentent pas de réponses consensuelles sur des questions clés de leurs thèses, en particulier sur l'ampleur de la décroissance et les modèles alternatifs d'organisation permettant une satisfaction acceptable des besoins humains. L'assimilation des concepts de croissance et de développement conduit de plus à ce que leur critique du capitalisme se transforme quelques fois en une célébration passéiste des sociétés traditionnelles dont l'organisation est magnifiée. C'est essentiellement pour cette raison que la décroissance, au-delà de certaines dérives mystiques qui fort heureusement demeurent suffisamment circonscrites pour ne pas remettre en cause la totalité du corpus, n'acquiert pas l'adhésion de la majorité du mouvement altermondialiste.[11]

[11]Cf. à ce titre les critique de Di Méo (2006).

Crise Systémique du Système-Monde Capitaliste

Les analyses de Immanuel Wallerstein pré-existent et de loin à l'émergence du mouvement altermondialiste mais l'intellectuel n'en représente pas moins l'un des exposants les plus respectés. Il développe depuis plus de trente ans *l'approche des systèmes-monde* dans le but d'analyser les processus de changements socio-économiques et politiques à grande échelle (de plusieurs dizaines d'années, au siècle), d'identifier les grandes tendances et les cycles qui modifient les rapports de force entre zones géographiques et groupes sociaux. L'analyse des systèmes-monde est fondamentalement holiste et consiste en une synthèse de plusieurs influences : son point de départ marxiste est imprégné d'historicisme allemand, de l'influence déterminante de l'Ecole des Annales et d'une vision tiers-mondisme radicale des rapports nord-sud. Wallerstein définit le système capitaliste comme une économie-monde, c'est-à-dire une unité caractérisée par une unique division du travail et une multitude de systèmes culturels, unité dont l'objectif fondamental est l'accumulation continu du capital. L'auteur étudie selon une approche unidisciplinaire sur la longue durée (entremêlant indistinctement histoire, économie, sociologie et géopolitique) l'émergence, l'évolution et la crise de ce système. Pour lui, l'économie-monde capitaliste n'a pas attendu la crise des *subprimes* pour prendre le chemin inéluctable de sa désagrégation.

Dans l'un de ses livres les plus audacieux en termes de prise de risque prédictive, *L'Utopistique*, Immanuel Wallerstein (2000) présente les caractéristiques possibles du nouveau système-monde à venir. Il y a crise selon lui dès lors que le système-monde dominant perd en légitimité idéologique. Penser un autre système signifie donc penser à la mutation des valeurs dominantes, c'est-à-dire à la disqualification des anciennes valeurs et au processus de légitimation des nouvelles. Wallerstein montre comment la vision libérale du monde a réussi à convaincre l'ensemble des catégories d'individus à espérer en un avenir meilleur grâce à des concessions continues et la culture de l'espoir. L'alliance des conservateurs et des libéraux à la suite de la Révolution Française a été à l'origine d'un consensus de centre libéral-réformiste. La Révolution Française n'a pas été un succès de court terme (avec la Terreur et de nombreux espoirs déçus) mais de moyen et long terme à travers le changement de géoculture qu'elle a permis : les principes républicains et les valeurs liées à la citoyenneté sont devenu l'objet d'un consensus libéral indiscutable. Ces valeurs, marginales durant l'ancien régime, deviennent la normalité. La révolution de 1858 voit l'émergence d'une troisième idéologie, le socialisme, contre laquelle libéraux et conservateurs se liguèrent. De cette triple confrontation idéologique émerge un consensus réformiste – le libéralisme centriste – qui se maintient jusqu'en 1968. La contestation de 68 est également un échec de court terme, un feu de paille d'espoirs déçus, mais a eu un impact déterminant dans le moyen et long termes, portant les désillusions des citoyens face aux valeurs dominantes mais aussi face aux stratégies des socialistes et face aux vertus du réformisme. 68 marque pour l'auteur la fin du consensus idéologique hérité de la Révolution Française et donc le début de la crise de l'économie-monde capitaliste.

L'idéologie néolibérale post 68 a pour vocation de sans cesse repousser les limites inhérente aux tendances asymptotiques auxquelles se heurte le système-monde capitaliste : la hausse des coûts salariaux qui demande des délocalisations continues vers les pays de la périphérie ; la limite à la baisse des prélèvements fiscaux, contradictoire avec la demande croissante des capitalistes en services publics ; la contrainte environnementale et les limite de l'externalisation des coûts de production des entreprises. Face à ces resserrements des limites à

l'accumulation continue du capital, Wallerstein prévoit les trois défis qui seront à l'origine de la chute finale du système-monde capitaliste : la délégitimation de la notion de progrès scientifique (permettant la montée de discours extrémistes et désespérés) ; la démocratisation des armes engendrant la montée des conflits ethniques et la remise en question de la suprématie militaire américaine ; la question de l'immigration (l'idéologie libérale est basée sur le concept républicain de citoyen hérité de la Révolution Française et fondé sur l'idée d'inclusion d'une catégorie à un ensemble de droits mais simultanément sur l'exclusion d'une autre catégorie – les non-citoyens, les immigrés – à ces mêmes droits).

Certes, la prédiction est mal aisée puisque en situation de crise, le futur est totalement ouvert. Mais si le futur est inconnu il n'est pas inimaginable, même si en situation de crise le libre arbitre des sociétés civiles, gelé en situation de normalité par la puissance de l'hégémonie culturelle, reprend le devant de la scène ouvrant l'ensemble des possibles sur une multitude de fenêtres. Malgré tout, Wallerstein se pose la question : quel monde voulons-nous instaurer ? Quels sont les réponses plausibles à cette interrogation ?

Sur le plan idéologique, il s'agirait, selon Wallerstein, de remettre définitivement en cause la légitimité de l'accumulation continue du capital comme fin en soi, de la nécessité du progrès, de la méritocratie (qui repose sur des mécanismes institutionnalisés de racisme, sexisme et nationalisme). La recherche du profit ne devrait plus être célébrée et l'unité productive de base serait à but non lucratif. La bureaucratie devrait être désintéressée atteignant ainsi l'idéal weberien grâce au fait que les privilèges stratégiques de l'accès à l'éducation, à la santé et à un minimum vital devraient avoir une portée universelle. Politiquement, la légitimité des états, passablement remise en cause aux cours de la dernière phase de l'économie-monde capitaliste face à la puissance des multinationales et des intérêts économiques et financiers qui ne suivent aucun découpage souverainiste, serait remplacer par une entité de gouvernance mondiale à l'image d'une Organisation des Nations Unis avec de réels pouvoirs institutionnels.

CONCLUSION

La remise en question de l'idéologie dominante laisse un vide ; prédire par quelle nouvelle pensée ce vide sera comblé est un exercice d'autant plus délicat que les idées interventionnistes, qu'elles soient keynésiennes, écologistes ou marxistes ne sont pas les seules à bénéficier d'un renouvellement de leur audience. La crise, conjointement à l'élection de Barack Obama, est également à l'origine en particulier aux Etats-Unis, du renouveau d'un autre type, moins congénial, de discours ultra-conservateur des années 30, d'inspiration anti-fédéraliste à consonance raciste et véhiculant un message fortement nationaliste et protectionniste brouillant parfois les repères politiques.[12]

[12]Barack Obama serait un despot à la solde de la cause socialiste qui porterait à terme à la privation des libertés fondamentales qui définissent le coeur de la nation américaine. Son élection serait l'aboutissement d'un processus initié il y a plus de deux siècles avec la mise en place de l'Etat Fédéral lors de la ratification de la constitution de 1787. Ce discours est véhiculé dans de nombreux journaux pamphlétaires comme le W*histleblower* ou divers bestsellers récents comme ceux de Mark Levin, *Liberty and Tyranny: A conservative Manifesto,* ou de J. Corsi, *The Obama Nation*.

Il est également intéressant d'examiner comment les auteurs néolibéraux les plus extrémistes analysent pour leur part les causes et le déroulement de la crise financière. Leur discours ne se renouvelle pas et demeure fidèle au crédo dominant depuis la fin des années 70. Par exemple, les auteurs de l'école économique autrichienne, s'inspirant des travaux de Friedrich von Hayek et Ludwig von Mises et représentants les plus fidèles d'une ligne libertarienne radicale, mettent en accusation des règlementations diverses qui entravent le jeu de la libre concurrence.[13] Ainsi en est-il des lois fédérales américaines votées dans les années 70 (le *Fair Housing Act*, le *Credit Opportunity Act* et en particulier le *Community Reinvestment Act* - CRA) qui imposent aux banques, sous peine de fortes sanctions, d'accorder une part de leurs crédits aux membres des communautés ethniques afin d'éviter toute discrimination et d'aider ces minorités à accéder à la propriété. Les auteurs dénoncent les effet pervers de ces lois qui ont obligé, selon eux, les banques a accorder des crédits qui n'auraient jamais été octroyés sans ces mesures imposées par des lobbies « gauchistes » et qui ont ainsi contribué à constituer le corps des clients dits *subprimes*. Par ailleurs, sont également dénoncées les instances de régulations et les normes comptables qui imposent aux entreprises de publier leurs résultats tous les trois mois, ce qui, conjointement à la pression constante des fonds de pensions, impose une logique de gestion de court terme au détriment d'objectifs de pérennité et de soutenabilité de l'activité industrielle de long terme. Ainsi, pour ces auteurs, la crise n'est pas le résultat d'un quelconque dysfonctionnement des marchés réels ou financiers dont l'autorégulation serait problématique mais résulterait au contraire du fait que les conditions institutionnelles sur ces marchés ne sont pas assez proches de l'idéal concurrentiel. Cette fidélité sans faille au mythe du marché auto-régulateur résulte plus de l'acte de foi que de l'analyse économique et rien, pas même l'effondrement du système bancaire international, ne saurait venir l'ébranler d'autant que leurs conclusions normatives sont protégées de la falsification par un ensemble de mécanismes rhétoriques pseudo-scientifiques dont la complexité et l'articulation font la force du mouvement.[14]

Cette position extrême est cependant désormais toujours plus marginalisée et la conversion spectaculaire de quelques représentants historiques des vertus du libre marché vient en accélérer la perte de vitesse. A ce titre, les déclarations et le grand désarroi d'Alan Greenspan le vendredi 23 octobre 2008 lors de son audition face à la Commission de Contrôle d'Action Gouvernementale de la Chambre des Représentants fait figure d'évènement historique. Sous la pression des questions du président de la commission, l'ex directeur de la Fed y avoue que l'idéologie à laquelle il a adhéré depuis plus de 40 ans et selon laquelle les marchés étaient de loin et sans équivalent la meilleure façon d'organiser les économies, n'était pas la bonne et ne fonctionnait pas, le plongeant dans un état de choc et d'incrédulité.

La crise économique et financière a le mérite de remettre en question ce qui par essence n'aurait dû cesser de l'être, à savoir des jugements de valeur, en particulier les jugements de valeur néolibéraux. A ce stade de la crise, quasiment tout le monde est d'accord pour revenir sur le mythe du marché auto-régulateur, pour réhabiliter le rôle de l'état et la nécessité, si ce ne sont les vertus, de l'interventionnisme. Mais si un tournant idéologique a indubitablement été pris, des

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[13]L'intitulé de la tradition n'a plus rien à voir avec la nationalité de ses membres. De fait les auteurs « autrichiens » modernes sont en majorité nord-américains.

[14]Sur la place des jugements de valeur dans l'analyse économique de la tradition autrichienne, Cf. Gloria-Palermo (2001) et Gloria-Palermo and Palermo (2005).

incertitudes persistent pour l'instant quant à la profondeur de la mutation. En effet, remise en question ne signifie pas pour autant abandon définitif et jusqu'à présent, les valeurs centrales du néolibéralisme ont été attaquées sous couvert de pragmatisme. La gravité de la crise impose de dépasser la fidélité à des principes abstraits pour trouver des solutions rapides à ce qui pourrait devenir une catastrophe ingérable et la conversion au consensus keynésiens, fut-il vert, n'est en ce sens que pratique et fonctionnelle. Une sortie rapide et indolore de la crise accompagnée d'une nouvelle réglementation des marchés financiers sonnerait peut-être la fin du processus de questionnement. Le nouveau discours politiquement correct fustigerait l'amoralité des marchés financiers présentée comme la cause première de la crise, tout en préservant les institutions du capitalisme. En d'autres termes, la crise n'a pour l'instant permis qu'une amorce de révolution idéologique car de fait, la réalité a rattrapé la fiction smithienne du marché autorégulateur. Le processus est cependant loin d'être enclenché. Si la crise a indéniablement renforcé la légitimité de mouvements anti-systémiques, des valeurs alternatives telles que celles portées par l'altermondialisme ne peuvent se bâtir que sur les décombres de l'ordre néolibéral et à ce jour, la durée et l'intensité de la crise sont incertains. Quoi qu'il en soit, la belle TINA aura de toutes les façons pris un sacré coup de vieux. Le slogan des altermondialistes en prend directement le contre-pied : « d'autres mondes sont possibles ». Si ces critiques radicaux des bienfaits de la main invisible ont commencé à s'exprimer bien avant l'occurrence de la crise, il est probable que la période de remise en cause idéologique actuelle leur donne toujours plus de crédibilité. La crise économique et financière fait passer les analyses d'intellectuels altermondialistes du statut d'alarmistes excessifs à celui d'analystes éclairés de l'évolution du capitalisme.

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BOOK REVIEW ESSAY

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Wilma Dunaway. 2003. *The African-American Family in Slavery and Emancipation*. New York: Cambridge University Press. 404 pages, ISBN-13: 978-0521812764 Cloth ($85). ISBN-13: 978-0521012164 Paper ($33.99).

This is an explosive book, iconoclastic, myth-shattering, and profound. But it is also fine tuned and rich in detail, the work of a master (no pun intended) craftswoman. *You have simply got to read this book.* Wilma Dunaway has issued a provocative rebuttal to those who have argued that slaveholders rarely broke-up enslaved African families; that slaves were adequately fed, clothed, and sheltered; and that slave health or death risks were no greater than those experienced by white adults. According to Dunaway these weaknesses in much scholarly research stem from a flawed view of the slave family, scholarly neglect of small plantations, limited analysis of Upper South enslavement, and academic exaggeration of slave agency. Dunaway's study relies largely on her analysis of slave narratives.

On the issues of the slave family Dunaway questions the findings stated in Herbert Gutman's (1976) classic study of the Black family, as well as studies conducted by Berlin and Rowland and Robert Fogel. Furthermore the errors stated above are said to stem in large part from what the authors of these studies have themselves acknowledged, that they have largely focused on large plantations (owning fifty or more slaves), rather than on small plantations, where more than 88 percent of the slaves resided. In contrast to the picture of slave life on these small plantations being more benign where female slaves may have helped the master's wife in the kitchen, occupying a position like a an extended family member, the reality depicted by Dunaway here is much more severe. Dunaway cites studies showing that family separations, slave trading, sexual exploitation, and physical abuse were much more typical of life on the smallholdings.

Much of the conventional wisdom, says Dunaway, is grounded in the political economy and culture of the Lower South. But the world demand for cotton triggered the largest domestic slave trade in the history of the world between 1790 and 1860 resulting in the quadrupling of the slave population of the Lower South via the export of nearly one million Black laborers from the Upper South (fully two-fifths of the slave population of the Upper South). Among Mississippi slaves from the Upper South, one half of the males and two-fifths of the females had been separated from a spouse with whom they had lived for at least five years.

One of the most controversial of Dunaway's claims in this study is that the revisionist literature which emerged during the 1970s celebrating the agency of the slaves (as against those studies which had heretofore depicted the slaves as helpless victims) had overstated their cases to the extent that they were virtually absolving slavery of its very real brutality and ability to inflict harm on the slaves. Most of these studies are said to have underestimated the degree to which slaveholders placed families at risk. Not one of the 600 slave narratives reviewed for her book indicated the kind of autonomy and independence celebrated in some of this literature.

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She points out in sharp criticism that despite Crawford's groundbreaking finding that plantation size was the most significant determinant of quality of slave life, hers is the first study of a multi-state region of the U.S. that is characterized by small plantations.

In the Context of Slavery

Dunaway, who is widely respected for her study of the incorporation of Southern Appalachia into the capitalist world-economy, argues that "the Mountain South was a *provisioning zone* which supplied raw materials to other agricultural or industrial regions of the world economy"(pg. 7). The incorporation also involved the subordination of the labor force to the dictates of export-oriented commodity production and thus the increased coercion of that labor, the bulk of which was provided by 300,000 slaves who made up 15 percent of the region's population in 1860, and 30% of the adult labor force. In 1860 this slave population was concentrated on the eastern edge of the region, referred to as the ridge-valley counties. The lowest concentration was in the more mountainous areas with the most rugged terrain.

In contrast to Berlin (1998) who argued that slavery did not dominate the Mountain South because there were not large numbers of plantations or of slaves, Dunaway argues on the contrary that scholars arrive at such a mistaken notion because of their assumptions about the difference between the treatment of slaves on large versus small plantations and that correspondingly their influence in the society would be less. Both of those assumptions are wrong. While it is true that a Lower South farm owner was twelve times more likely to run a large plantation than his Appalachian counterpart (pg. 10), smallholding did not minimize the impact of these landowners in the communities in which they lived. On the contrary, Mountain slaveholders monopolized more of their communities' land and wealth than did Lower South slaveholders. Furthermore, this region was linked by rivers and roads to the coastal trade centers of the Tidewater and the Lower South, and stood at the geographical heart of the antebellum trade routes that connected the South to the North and the Upper South to the Lower South. This strategic location at the crossroads of two major slave-trading networks explains for Dunaway why the "political economies of all Mountain South counties were in the grip of slavery. Even in counties with the smallest slave populations…, slave owners owned a disproportionate share of wealth and land, held a majority of important state and county offices, and championed proslavery agendas rather than the social and economic interests of nonslaveholders in their own communities" (pg. 10). All whites in every county, no matter how small the Black population, benefited from or were damaged by enslavement.

Most Appalachian slave masters applied less slave labor time toward production of staple production than was typical of the rest of the country's slaveholders (pg. 46). This means there were more slaves in the Mountain South than were required to cultivate the agricultural surpluses of the region. It was thus more profitable to sell or hire out slaves than to apply their labor toward the production of export crops (pg. 46). The slaves in this region were thus viewed by their slaveholders as more valuable as investments than as laborers. More than one third of the Appalachian slave population were involved in trading transactions in 1860. Despite the myth that slaveholders rarely separated families, the forced migrations initiated by Mountain owners are said to have resulted in the termination of 40 percent of the marriages among their slaves. Appalachian slaves were more likely to be sold away from their spouses than their Lower South counterparts (pg. 55).

This is not so say that slaves did not develop persistent family ties. Dunaway argues that at least half of slave families in the South were permanently headed by two parents, while for another 12 to 15 percent, one of the parents was absent part of the time. Only one-fifth of all slave families were headed by one parent, and another 15 percent consisted of children living with adults who were unrelated by kinship (pg. 63). Slave children were the property of the owner of their mothers, and fathers who were owned by a different master did not have legal visitation rights. The legal home of the fathers was their assigned worksite.

Dunaway points out that masters structured the absence of males from those households in three ways: removal of fathers through sales or as gifts to their children; reluctance to sanction marriages to slaves owned by someone else; refusal to sanction marriages between slaves and free Blacks. Adult males were also so frequently hired out that Appalachian slave women coined the term "men on the road" (pg. 67). Fathers in these cases are said to have been treated like absent shadows who had no rights to demand continued contact with their children. When mothers died or were sold or hired out, the wishes of the husband/father were not considered.

While children under 13 constituted less than ten percent of all slave sales as a whole, nearly two-thirds of all Appalachian slave sales separated children from their families, 70 percent occurring when they were younger than 15 (pp. 67-68). Furthermore, it was often masters (not mothers) who made fundamental decisions about the nature of child care: when, where, by whom, how much, how little. Enslaved mothers did not have the option of not reporting to work when their children required attention. Moreover the intent of the master was not to foster a mother-child bond, but to foster the allegiance of the children to the master and his proxies. While slave parents lacked authority in relation to the intervention of the master and his proxies into the affairs of the family, the slave family served to reproduce the next generation of workers fitted with the requisite skills and values to be productive. Obeying rules and manifesting a strong work ethic were strategies to avoid punishment and sanctions for the entire family, and also to avoid being sold.

Because of the structured absence of the father, one in five of the Appalachian ex-slaves reported they were indifferent toward their fathers. But most had positive attitudes toward their father, expressing pride in their resistance of the master's authority to infringe upon his visitation rights in various ways, or in the manner in which the father protected them from the master's punishment (pp. 79-80).

Nonetheless because of the masters' forced migration strategies, fathers were permanently or intermittently absent from two-thirds to three-fourths of Appalachian slave families. While parents were tenacious about keeping their family ties alive (the most frequent manifestation of everyday resistance), mothers were often deeply scarred by the removal of family members, and we should be careful not to minimize the long-term impact of separation on enslaved women (pg. 81).

Slave mortality rates were higher in the Mountain South than elsewhere. In 1850 it was 1.4 times that of any other U.S. slaves, while for Appalachian male slaves it was 1.7 times that of the average Appalachian white male. Dunaway attributes these high mortality rates to shortfalls in basic survival needs, environmental hazards, occupational risks, and malnutrition (pg. 85).

Most Appalachian slaves (75 percent) were issued two outfits of clothing annually, one for winter, one for summer. The others were issued one outfit in the fall. These allotments were not only inadequate in quantity, they did not serve well the protective function of clothing from the weather, from occupational hazards, nor for comfort.

The typical slave dwelling was a one-room cabin with one door and one window. About ten percent of the units had wood or stone floors, extra storage space in the lofts, or attached sheds. Some lived in rooms in the big house, or in sheds outside of the big house. Industrial slaves lived in worse housing than agricultural slaves, often dormitories. Sometimes there were no permanent shelter facilities, so that they were reduced to the use of sticks in the ground with blankets thrown over them. Because there were no facilities for the isolation of those with illnesses, infectious diseases usually spread rapidly.

The lack of sanitation and clean water was a leading cause of environmental risk. Because of tighter profit margins than their Lower South counterparts, Appalachian masters were less willing to weatherize slave cabins, to build safe water systems, or to inoculate entire populations. At industrial sites, chemical waste exacerbated the ecological degradation (pg. 95).

Since the early 19th century writers have debated whether slave diets were adequate. Fogel and Engerman (1974) asserted that indeed they were substantial calorically and probably exceeded levels of most required nutrients (pg. 100). But subsequently some have argued for a more nuanced analysis of the slave diet, emphasizing, for example that much of the caloric intake was from fat and carbohydrates. Furthermore, Kipple and King (1981, pp. 149-151) argued that the issue of caloric intake was less important than the question of whether the diet was adequate for persons of West African descent, whose nutritional requirements were more specific to their own histories. Appalachian ex-slaves, however, report that their masters supplied them with inadequate food almost twice as often as did other U.S. ex-slaves. Meat was the item most in short supply to slaves, so they often had to resort to theft to obtain meat.

Reproductive Exploitation and Child Mortality

Mountain slave families were destabilized by structural control over slave marriages, sexual abuse by white males, and structural interference in pregnancy, breastfeeding, and child rearing. Slave marriages were important to Appalachian masters, so few granted their slaves total independence. Foremost was the denial of the legitimacy of the church via the use of the tradition of "jumping the broom," a Celtic tradition, derived from their pre-Christian, pagan past, which held no legitimacy among and was not respected among whites. "If masters extended to slave marriages the 'sanctity' of the church and the legitimacy of public recording, they would throw into question their racist ideology that blacks did not construct families that were the moral and cultural equivalent of their white owners" (pp. 118-119).

Mountain slave women were on the average 17.2 years old at the birth of their first child. In the U.S. South as a whole the average age at the birth of their first child was about 21 (pg. 125). This is in line with the strategies for maximizing reproduction among mountain masters. Thomas Jefferson argued that "women and children should be managed as investment commodities, not as field workers…with respect therefore to our women and children…it is not their labor, but their increase which is the first consideration with us" (pg. 128).

Despite these strategies, gender oppression, bias, and stereotypes were rife. Mountain slave women endured a death rate that was 1.5 times the national average, and 1.8 times that of local white women. In contrast to national trends, the region's enslaved women's mortality rate exceeded that of the region's enslaved men. Only Black children under ten had higher mortality rates than Appalachian slave women of child bearing age. This was due to the masters' strategies of malnutrition, high fertility, and inadequate work release during pregnancy and child birth (pp.

133-134). Dunaway focuses on the interlocking oppressions of race, class, and gender in her treatment of structural interference in breastfeeding in that the attitude of male slaveholders was that breastfeeding interfered with business as usual. So they adhered to the notion that babies should be weaned early, except that this dictum was not enforced as rigidly on slaveholding women as on slave women. Appalachian masters structured a regimented feeding schedule for slave infants since women returned to work within three weeks of giving birth. There was much contention between mothers and masters over rigid feeding arrangements, in some cases involving the use of various chemicals or herbs to induce sleep in the infants so that the mothers could work the intervals desired by the masters without breaking for breastfeeding. But since breastfeeding postponed the return of the menstrual cycle and fertility for more than a year, Appalachian masters required that women return to work within three weeks of childbirth and wean children from breastfeeding at the end of the ninth month.

A third form of structural interference in slave women's breastfeeding was the use of slave women who had been required to wean their own children as wet nurses and caregivers for white offspring, who were typically breastfed for nearly two years (pg. 139). Fully one-fifth of slave women who had recently given birth worked as wet nurses for white children. Wet nursing often broke the health of slave women. In addition to physical health, wet nursing used the psychic energies of slave women for nurturing the children of the master class while they were taken from their own children. The affected group in this case, moreover, was much larger, since up to two-thirds of slave women served as caretakers for the masters' children. Dunaway notes that "Sarah Patterson watched all of her own children die except for one while she nurtured the master's children" (pg. 141).

As indicated above, slave children had the highest mortality rate of any age group among the slave population in the United States. In 1850, according to Dunaway, 51 percent of all Black deaths were children younger than nine (pg. 141). A slave infant was 2.2 times more likely to die than a white infant. The differences in mortality rates were attributed to dietary deficiencies of the mother; malnutrition at conception or near delivery; malnutrition of the fetus; maternal and fetal infections; working during pregnancy especially at strenuous tasks; and attenuated breastfeeding. Black children died four times more often than white children from convulsions, teething, tetanus, lockjaw, SIDS, and worms, all attributable to early weaning (pg. 144).

Appalachian masters also maximized profits by structuring shortfalls in minimal survival provisions for older children resulting in malnutrition and exposure from inadequate clothing and shelter.

Dunaway explains that household subsistence production amounts to an indirect transfer of surplus value to the slaveholder. This is so because if the slaves had not done so, it would be the master who would have to pay to cover the subsistence of the slaves, or otherwise the laborer would be lost. In addition to their 58 hours of field work, more than half were assigned to craft production after sunset. Another 16 percent were required to complete evening handicrafts after completing work in their master's house. Slaves also engaged in a variety of forms of subsistence production for which they were able to gain cash, but for which they also had to pay a fee to the master. Slaves were generally aware that such subsistence production benefited their masters more than it benefited them, since they were required to compensate for the cost cutting strategies that the Appalachian masters used to enhance their profit margins.

Although mountain slave households were clearly units of production and resource pooling, Dunaway is careful to point out that members did not share equally the workload. Male

slaves were assigned a greater variety of tasks, including sole claim on the upper echelon of the occupational hierarchy which included drivers, blacksmiths, carpenters, millwrights, wheelwrights, mechanics, coopers, tanners, shoemakers, and skilled livestock experts (pg. 163). Slave women were overrepresented in field labor and domestic labor. Although working alongside men in many of these occupations, women occupied the dirtiest, least-skilled, most backbreaking tasks (164). Although slave women often worked alongside men as indicated above, men did not share the burden of household work. Dunaway points out the hallmark of poor rural women the world over has always been their capacity to weave together a creative tapestry of household and external outputs in order to accumulate "a consumption fund adequate for sustaining and replenishing the labor force" (pg. 167). Husbands spent most of their cash earnings on tobacco, whiskey, or clothing purchases for themselves (pg. 176).

The Risks of Emancipation for Black Families

Fear of uncontrolled Blacks was an ideological justification for deterring emancipation as long as possible. Less than seven percent of Black Appalachians were freed voluntarily during or after the war. Three quarters of the Appalachian slaves were emancipated by Union soldiers during the war or by the Freedmen's Bureau after the war (pg. 216). But emancipation proved to be a bittersweet, stunning moment in history which provoked both elation and uncertainty among the newly emancipated freed people. They were mostly cynical and frightened about their new freedom since they did not have the kind of economic resources or structural supports to survive the hardships of the communities into which they were discharged (pg. 218). "They had not been liberated from poverty, landlessness, or hunger, and many feared that their circumstances were about to get worse" (pg. 219).

Fewer than one-third of the emancipated Appalachians left the plantations of their former owners within the first year of emancipation. One-fifth left immediately, one third remained longer than five years, and more than ten percent remained for a decade or more. Dunaway cites Berlin's contention that "federal regulations often undermined the ability of former slaves to support themselves" (pg. 222). Unemployed or irregularly employed Blacks were often viewed as a threat to good order. Pass systems and vagrancy regulations effectively criminalized such irregularly employed freed people. Those who left did so because of the economic losses or death of their former owners, their prior relocation to contraband camps of military labor sites during the war, their opportunities for nonagricultural employment in nearby towns, and mostly their chance to reunite with family who had been forcibly removed by owners.

Reconstruction Threats to Black Family Survival

Between 1865 and 1870 Blacks who migrated moved into the region's towns, sought jobs in extractive industries, or worked for the railroads. Nearly one-quarter of Black Appalachians relocated to the towns, thus becoming more urbanized than the region's whites (pp. 238-239). Town work was a large proportion of the nonagricultural jobs between 1865 and 1870, including porters, day laborers, hotel and restaurant workers, street cleaners, artisans, washer women, laundresses, and servants. Skilled positions in the extractive industries, formerly held by slaves, were now reserved primarily for whites. Every town with a railroad terminal attracted ex-slaves.

But the conditions of the ex-slaves were precarious, since now hunger rather than physical coercion was used to compel obedience.

But partisan violence spun out of control throughout the South, including the Mountain South. Although some historians have tended to romanticize race relations in Appalachia, the freed people faced a greater probability of violence in Appalachia than elsewhere in the South. By 1868 the Ku Klux Klan was organized and active in every Appalachian county (pg. 245). But despite the violence Appalachian Blacks built and maintained community institutions. Violence against institutions focused on the churches and the schools. Throughout the Mountain South white opposition to Freedmen schools was bitter. White violence dampened educational efforts, for the vast majority of damaged schools were funded and built by local Blacks with no subsidy from the Freedmen's Bureau or philanthropic associations. Given the unwillingness of counties to allocate public funds Dunaway is not surprised that half of the ex-slaves interviewed in the 1930s were illiterate.

At emancipation two-thirds of the families of ex-slaves were in disarray. The roads of Appalachia were loaded with former slaves searching for their families. Less than ten percent of the families were reunited. Because of these separations some of the partners had remarried, resulting in some difficult situations upon rediscovery.

On Getting Past the Moynihan Report

At the end of this powerful rendering of the African American Family mostly in slavery and immediately after emancipation, I found Dunaway's findings deeply disturbing. We should all be disturbed. I agree that there has been a tendency to overcompensate for the slave family in the aftermath of the tangle of pathology thesis propagated by Daniel Patrick Moynihan. But despite Dunaway's criticism of the manner in which some scholars interpreted their findings on the practices of the slave system to refute the Moynihan report, we could not be further off course if we thought that somehow Dunaway's findings constituted a justification of the Moynihan Report for our times.

In the book Dunaway points out that it is not coincidental that the current dominant paradigm on the African American slave family emerged after the publication of the Moynihan Report. Deriving from Frazier, Du Bois, and Stamp the notion that slavery had broken families, Moynihan argued that "three centuries of injustices have brought about deep-seated structural distortions in the life of the Negro American" (1965 pp. xi-xii).

I absolutely agree with Dunaway that Gutman set out to rebut Moynihan. Gutman sought to refute Moynihan in the present by showing that he was wrong about the past. While there is much about the Moynihan's larger agenda in the debates about social policy with which I disagree, Dunaway's masterful work on the African-American family in slavery and emancipation provides a far better foundation for understanding the evolution of the African-American family. This is an exemplary work in so many ways, particularly because it really transcends for me the debates about the Moynihan Report.

Dunaway casts a steady eye on the particularities of Upper South slavery, and provides us with a full measure of the systemic pressures which underlay the brutalities of that system. While the romanticism of the alternative paradigm might have been part of an understandable search for agency in troubled times, who could argue that we would be better served by an analysis of the

real structures and alternatives that existed at the time, just as well as we should do for the present.

Dunaway concludes that the best predictors of slave family instability and disruption are (1) ownership by a small slaveholder, (2) residence of the enslaved Africans in a slave-selling region, and (3) frequent slave hiring for distant agricultural occupations (pg. 272). These family disruptions more often than not permanently severed kinship ties, often affecting children younger than fifteen from parents and siblings.

But despite their structural instability Dunaway argues that mountain slave households formed resource pools (material, spiritual, and cultural) which allowed them support during crises. Despite the very real structural disruptions slave households kept alive family histories and myths about the African Diaspora. They organized as well a day-to-day resistance, nurtured a counter-hegemonic culture, and practices a liberation theology (pg. 277). Dunaway argues that these slave households were sustenance pooling structures which insured their short-term survival and intergenerational reproduction.

These coping mechanisms were used creatively to deal with their plight, but this did not make these structures autonomous from the larger system. She calls as well for a recognition of the human pain caused by the frequent severing of kinship ties. At the same time she argues that scholars should not persist in insisting that family stability is a function of the existence of the nuclear family, a standard that antebellum white families did not meet. Nor, she insists has this been the pattern for the American family at any other time. In fact stability is said to characterize nonnuclear family construction in many "nonwestern societies" (pg. 286).

Dunaway concludes with a striking reframing of the plight of the enslaved Africans and the pain of separation from kin. These separations constituted according to the testimony of the ex-slaves a wrenching of their souls away from them. So that poverty, illiteracy, and racial inequality were not the worst legacies of enslavement. Dunaway concludes that "it was the forced removal of family that broke their hearts and generated a community wound that was not healed by liberation" (pg. 287).

Dunaway's conclusion echoes the memories of the elderly former slaves, and thus captures a sentiment that is crucial to our understanding of the African American family in slavery and emancipation.

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BOOK REVIEW ESSAY: A BUMPER CROP OF FAIR TRADE COFFEE BOOKS

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Jaffee, Daniel. 2007. *Brewing Justice: Fair Trade Coffee, Sustainability, and Survival*. Berkeley: University of California Press. 331 pages. Hard Cover ISBN 978-0520249585, $ 60.00; Paper ISBN 978-0520249592, $22.95

Fridell, Gavin. 2007. *Fair Trade Coffee: The Prospects and Pitfalls of Market-Driven Social Justice*. Toronto: University of Toronto Press. 347 pages. Paper ISBN 978-0802095909, $29.95

Luetchford, Peter. 2008. *Fair Trade and a Global Commodity: Coffee in Costa Rica*. London: Pluto Press. 226 pages. Hard Cover ISBN 978-0745326993, $95.00; Paper ISBN 978-0745326986, $29.95.

Bacon, Christopher M., V. Ernesto Méndez, Stephen R. Gliessman, David Goodman, and Jonathan A. Fox (eds.). 2008. *Confronting the Coffee Crisis: Fair Trade, Sustainable Livelihoods, and Ecosystems in Mexico and Central America*. Cambridge: Massachusetts Institute of Technology Press. 390 pages. Hard Cover ISBN 978-0262026338, $67.00; Paper ISBN 978-0262524803, $27.00.

The history of the world coffee market is a story of cycles of boom and bust. The most recent bust, one of the most severe in history, began in 1998 and started to ease in 2005. This period of severe crisis across the coffee producing countries in the developing world stimulated a growing interest in fair trade coffee as a means of helping the small farmers who were being devastated by historically low prices. As public interest and consumption grew, social scientists, as is their wont, set out to study the phenomenon. The result is the current bumper crop of books analyzing fair trade coffee.

This review covers four books published in 2007 and 2008, based on research that spans the period of the crisis. Do we really need four books on fair trade coffee? I will argue that we do. Of course, the reader may want to take this assertion with the proverbial grain of salt, because I am fascinated by all things relating to coffee. However, these books have complementary strengths and weaknesses; each of them takes its own distinctive approach to the subject, adding layers to the analysis that are missed, or addressed only in passing, by the others. By combining all four, we can derive a more comprehensive picture of the multi-faceted phenomenon that is fair trade coffee.

If you only have time to read one book, I would recommend Jaffee's; this is a very well done analysis that centers on fair trade producers, but also gives thorough consideration to the dilemmas faced by fair trade in the consuming markets. The extensive methodological appendix also adds value for use in graduate courses. However, Jaffee's is a "conventional" analysis of Fair

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Trade, one that is empirically focused on elucidating its benefits to producers and the opportunities and dangers that arise from its rapid expansion and mainstreaming. Fridell's book provides a broader theoretical framework within which to situate the analysis. The framework has some problems, but the effort is commendable nonetheless. If we are going to resolve the many dilemmas facing fair trade today, more theoretically-driven work is necessary. Luetchford's book has the most ethnographic depth, taking us inside the world of peasant producers to show how they view the market and why fair trade is a problematic concept for them. However, he does not use this insight to address questions regarding the future of fair trade. Finally, the book edited by Bacon, et al. adds a focus on the environmental aspects of fair trade production, most of which is also organic. In addition, portions of this book take an action research approach to explore ways of moving beyond fair trade in the transformation of international economic relations. However, as an edited volume, it is somewhat uneven in quality and not as tightly integrated as the other books.

Fair trade grew out of the initiatives of alternative trading organizations (ATOs) based in Europe in the 1960s and 1970s. These ATOs, many religiously based, attempted to counteract the unfair trade rules of the global economy by importing handicrafts directly from small cooperatives in their countries' former colonies, selling them in designated "world shops" at high prices, and returning most of the proceeds to the direct producers. Coffee was the first food product marketed by the ATOs, but since the sales volume was low, the benefits to coffee producers were small. In 1988, the Solidaridad ATO in the Netherlands and the UCIRI[1] cooperative in Mexico created the modern fair trade system based on certification. Mainstream coffee roasting companies that agreed to purchase a certain amount of green coffee at a fixed, higher price from the cooperative then had the right to affix a seal (the Max Havelaar[2] label) to an equivalent amount of their roasted coffee sold in supermarkets. The consumer could choose to pay a higher price for this coffee, secure in the knowledge that the price difference was being returned to the producers. This greatly expanded the volumes of coffee that could be sold and the benefits that could be returned to producers, but also brought in as key players a group of large corporations that had no interest in changing the rules of global trade in any fundamental way. This created the contradiction that has plagued fair trade coffee ever since, that it operates simultaneously "in and against the market" (Barratt Brown 1993, 156). And, despite this compromise, because of the higher prices paid for fair trade green coffee, the supply has far outstripped the demand, so that many fair trade cooperatives can sell only a small percentage of their production through fair trade, and must sell the rest at lower prices on the conventional market.

Jaffee explains the rationale for his study: "Supporters of fair trade make some impressive claims about the benefits it generates. … I set out to examine these claims and to find out how peasant coffee producers are actually experiencing fair trade." (3) To do this, he conducted fieldwork and collected survey data in two communities where some coffee growers

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[1] Unión de Comunidades Indígenas de la Región del Istmo in Oaxaca.

[2] Taken from the title of the classic anti-colonial novel, *Max Havelaar, or the Coffee Auctions of the Dutch Trading Company*, written by Eduard Douwes Dekker, under the pseudonym Multatuli and published in 1860. The novel exposed the brutality of the system under which coffee was produced for the Dutch East Indies Company in Java.

were members of the Michiza[3] cooperative, in Oaxaca, Mexico. The fact that some growers in these villages belonged to the coop and sold their coffee through fair trade, while others were not members and sold to the conventional market, allowed him to collect comparative survey data on the two groups to measure the benefits of participation in fair trade. The Michiza coop was also somewhat unusual in that it sold all of its exports (80% of total production) to the European fair trade market, but this enabled him to capture the full extent of the fair trade benefits.

Jaffee finds that fair trade does provide benefits to producers and to the villages as a whole, but the picture is much more complex and nuanced than the promoters of fair trade claim. Fair trade producers did receive higher prices for their coffee than the conventional producers, but they also had higher production costs, mainly because they produced organic coffee. Although the higher prices were due primarily to Michiza's connection to the fair trade market, the producers identified as organic producers, because this was what impacted their daily routines. Many of the producers Jaffee spoke to consequently had only a vague idea what fair trade was. After conversion to organic production, which itself is very costly, the major additional production expense was labor, for pruning, weeding, building terraces and live barriers, and spreading compost, all required to maintain organic certification. However, the coffee crisis sparked a wave of emigration from the villages, making day laborers scarcer and raising the price of this additional labor. Jaffee found that many of these laborers came from conventional producer households, and thus the some of the higher prices received by Michiza members were actually cycled to conventional households through the labor market. Despite all of this, and indicating the precarious position of peasant producers in the global economy, most families he surveyed had negative net incomes; the Michiza members were just losing slightly less.

Michiza members received several payments for their coffee from the coop that were spread over time, while the conventional producers were paid once when they sold their coffee. So coop members tended to have cash available to them in the off-harvest seasons, and they also had access to no-interest loans for emergencies; therefore, they were less likely to fall into a cycle of debt with local usurers. This greater economic stability tended to keep coop member households on the land, while paradoxically encouraging emigration by household members. Some of this emigration was to attend postsecondary schools in the cities, and some was to earn money to pay for the additional labor required to sustain their organic coffee production. The conventional households, while less likely to have household members emigrate, were more likely to emigrate as whole families, probably for good. The greater stability of coop members also meant that they had somewhat better housing conditions, slightly more consumer goods (e.g., televisions), and that they were more food secure and had better, more varied diets. Jaffee also considers the environmental aspects of fair trade/organic production. While most peasant production is passively organic (that is, no chemicals are used), certified production is actively organic (that is, labor intensive practices and organic compost applications are used to raise productivity). He finds that these active organic practices have demonstration effects; some of them are being taken up by conventional producers, and some are also being extended to the *milpas*, the plots where households grow their subsistence food crops. In brief, fair trade does provide numerous benefits to small coffee growers, and not only to those who belong to fair trade coops, but some of the claims of fair trade promoters are simplistic or exaggerated.

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[3] The name comes from the first letters of the different indigenous groups that belonged to the coop when it formed: Mixes, Chinantecos, and Zapotecos. Jaffee's research was conducted in two Zapoteco villages.

The four chapters where this analysis of the benefits to producers is presented is the heart of Jaffee's book. But he adds two chapters analyzing the dilemmas facing fair trade in the consuming markets. Here, there is a fissure between the "100 percenters," companies that sell only fair trade coffee, and the larger corporations like Starbucks for whom fair trade represents only a tiny proportion of their total sales. The latter get involved in fair trade mainly under activist pressure and as a means of "image laundering" (210), but generally do not support the larger goals of fair trade. He outlines some of the corporate strategies against fair trade: participate, but ensure that it remains a niche market; compete against it with self-policed corporate codes of conduct; switch to a competing "sustainable" certification with lower social standards (e.g., Rainforest Alliance); promote the certification of plantations, which will squeeze out many small producers; and try to weaken the standards and lower the guaranteed minimum price (which has been raised only once, slightly, since 1988). Another important issue is the balance of power between the northern certifying organizations, which have almost complete power to set and change the standards southern producers must meet, and the cooperatives that actually produce the coffee. He argues that consumers, if they are really concerned about the welfare of southern producers, have a moral obligation to address this imbalance and to find ways to increase the benefits of fair trade, by helping producer coops to gain a share of ownership in the companies selling their products in the consuming markets. He advances a number of other recommendations for making fair trade fairer; ultimately it comes down to whether fair traders' long term goal is simply to increase market share or to fundamentally transform international trade.

Fridell's book provides two contrasts with Jaffee's: it is much more focused on the macro-structures of fair trade within the global market, and it is much more theoretically based. As discussed above, Jaffee's main research questions emerge from the claims of fair trade supporters – he sets out to test their validity. Fridell, on the other hand, begins by situating fair trade (what he calls the fair trade *network*) within a larger fair trade *movement* which attempted to change the rules governing the international economy. This movement included international commodity agreements, ECLA development policies, attempts to create corporate codes of conduct, and the call for a New International Economic Order. He follows Colin Leys, Robert Brenner, and others in arguing that this movement was informed by underdevelopment and dependency theory (UDT), a category which lumps together Latin American structuralism, dependency theories, and world-systems analysis. World-systemites will find this aspect of the book annoying, as they will interpret his repeated characterization of UDT as neo-Smithian. But the larger point has some validity – these efforts relied on trade reform and state interventionism to overcome the unequal structures of the world economy, giving much less attention to the effects of class structures within Third World countries (and I might add, overlooking the many excellent and detailed analyses of these class structures that had been carried out by dependency theorists). The argument that fair trade was part of this larger movement is not completely convincing, because it never really focused on state intervention, except in the work of Michael Barratt Brown (1993), whom he cites extensively.

The fair trade movement flourished during the period of embedded liberalism, from the 1940s through the 1970s. This was the period of the ATOs in the fair trade network. The movement died out under neoliberalism, but the fair trade network was reborn as the fair trade certification system, a neo-Smithian accommodation with neoliberalism:

> While frequently depicted as being in direct opposition to neoliberal globalization, the fair trade network in its current form in fact represents a *neoliberal version* of its earlier model and has been adopted by many international organizations and conventional corporations as a *neoliberal alternative* to the other, statist projects of the fair trade movement. Thus, it is the fair trade network's relative *compatibility* with neoliberal reforms that has been key to its rapid growth over the past decade and a half. (51, italics in original)

Thus the ATOs may not have been a part of the fair trade *movement*, but the invention of the certification system made the fair trade network into its acceptable successor. Other analysts have observed that fair trade and other certification systems are symptomatic of the shift from public to private regulation under neoliberalsim (e.g., Raynolds and Wilkinson, 2007), but Fridell puts a sharper point on this observation.

Fridell also presents a useful analysis of the current literature on fair trade, dividing it into three types. First there is the shaped advantage perspective, which sees fair trade as an effort to help disadvantaged southern producers compete effectively in the global market. This perspective points out that the structure of the global market limits the demand for fair trade coffee and the level of the minimum guaranteed price, but tends to take globalization as an inevitable force that must be accommodated with. The strengths and weaknesses of this approach are elaborated through a case study of the UCIRI fair trade coop in Mexico. The alternative globalization perspective sees fair trade as an attempt to create an alternative to the neoliberal trading system, but fails to understand that fair trade represents an accommodation with neoliberalism. The decommodification perspective sees fair trade as an attempt to overcome the fetishism of commodities under capitalism, but Fridell questions whether it actually intensifies fetishism, as it "becomes possible to *purchase ethics* at the local supermarket" (97). These three perspectives in the literature parallel Jaffee's characterization of three different views held by fair trade participants: fair trade as market access, as market reform, and as market transformation.

Fridell pursues his point about commodity fetishism through a comparative analysis between two coffee roasting companies at the opposite ends of the scale of fair trade sellers – the Planet Bean cooperative in Guelph, Ontario and Starbucks. "To Planet Bean, fair trade is a movement that aims to attain social justice in the South *and* the North" (245), so it is moving toward worker ownership and democratic control. It puts considerable effort into educating consumers about the people who produce the coffee, forms relationships with southern producer groups, and brings representatives to the north to meet the consumers. This creates bonds of solidarity between producers and consumers, and makes consumers aware that their purchasing decisions have impacts on many other people, thus breaking down commodity fetishism. Starbucks, on the other hand (need I say more?) is anti-union, although it does provide better pay and benefits than most food-service employers. It combines two of the corporate strategies outlined by Jaffee: it tolerates fair trade only because of activist pressure but does not make much effort to promote it and expand its sales, and it prefers its own "corporate social responsibility" programs to participation in fair trade. Put simply, democratic control of any aspect of its business is anathema to Starbucks. Although Fridell does not make this point, I would add that Starbucks uses depictions of exotic producers in exotic tropical locations to add cachet to the commodified coffee it sells (Smith, 1996). This is the height of fetishism.

Fridell concludes by arguing for fair trade as a moral economy, a term which is hardly mentioned in the rest of the book. He refers to the pre-capitalist "moral economy of provision" described by E. P. Thompson among the English peasantry at the start of the Industrial Revolution, which has similarities to the moral economy of contemporary peasant coffee producers. It is ironic that he makes only a few recommendations at the very end of the book, because his work provides a sounder theoretical foundation for a number of the recommendations laid out by Jaffee: addressing the north-south power imbalance by giving southern producers equal voice in the umbrella standard-setting and certification organizations and ownership shares in northern fair trade businesses; setting (and enforcing!) standards for minimum percentages of fair trade coffee that must be purchased by all roasting companies wishing to participate; creating a label to differentiate between companies selling 100% fair trade and those selling the minimum percentage; and forging stronger linkages with the global justice movement.

Peter Luetchford takes us to the opposite end of the scale of analysis, with a micro-focused ethnography of a small coffee-producing village in northwest Costa Rica. The concepts of a moral economy and commodity fetishism are central to this analysis. According to Luetchford, the world view of Costa Rican peasants is shaped by Catholic social thought as well as ideas of the national identity based on the autonomous, small, family farm. Nature is viewed as a force that brings forth a variety of living things, including food. "Some foods, mainly fruits such as mangoes, oranges, bananas, and avocados, seem to produce themselves, and grow in such abundance that they are considered open to access for all or are freely distributed and even squandered." (144) However, nature is unpredictable and does not freely provide everything that humans need. Therefore, humans must struggle in nature and with nature in order to coax it to produce all of the things needed to support their families. Another major category of products are thus those that are produced through this struggle for household consumption ("*por el gasto*"), including maize and beans, root crops, and vegetables. Then there are the crops that are produced for sale on the market, such as coffee.

Within this economy, production for subsistence is most highly valued. There are many informal exchanges between community members, but they do not operate on a market logic:

> Things often move in personalized exchanges between producers and consumers, … there is a formal reckoning of monetary worth, but prices and terms vary according to ability to pay … Finally, things are frequently given away or lent without any apparent or explicit expectation of recompense. (125)

Luetchford uses Mauss's concept of the gift to explain these exchanges as creating affective ties between people and establishing norms of reciprocity. People are also entitled to sell anything that they have produced on the market, but this is understood as a distinct type of transaction.

Luetchford analyzes the language people use to talk about the market: "Four terms are used; each is linked to a common set of ideas, related to the idea of a game, and oriented to the notion of uncertainty. They are*: jugar* (to play); *jugarse* (to juggle or gamble); *la loteria* or *la rifa* (lottery or raffle); and *tantear* (to try to calculate or size up)." (56) This language emphasizes the uncertainties and risks involved in producing for the market. One might think that a particular crop will bring a good return, but there may be too much rain, or too little, or many other producers may bring the same crop to market at the same time, causing the price to crash. Peasants thus never put all of their eggs into one basket; they play with this or that crop, juggle

several crops, take a chance on a new crop, all the while seeking out information that will allow them to size up their chances in the game. This is why they have difficulty with the concept of fair trade – they do not expect the market to be fair. They seek justice and fairness in their informal exchanges, but the market is always a game of chance. This analysis goes deeper than Jaffee's and suggests a more fundamental reason why producers may have only a vague idea about what fair trade is. It is not that they conflate organic production with fair trade, but that fair trade is an oxymoron within their world view.

Luetchford argues that peasants operate with an implicit labor theory of value. Value is created through the struggle with nature to produce things. Trade, on the other hand, involves the appropriation of some of that value by people who do no real work. He relates a parable told by one of his informants about a man who produces some peppers and takes a bag of them to the merchant. The merchant pays him and tells him to set the bag in the corner. A buyer comes along, the merchant sells him the bag of peppers for twice what he had paid for it, and the buyer picks up the bag and carries it away. The merchant has made as much money as the man who produced the peppers, but he did not even touch the peppers! Thus when a producer sells what he has produced, he deserves to earn whatever he can get for it on the market. But any money earned from trading is suspect. Luetchford uses this aspect of the peasants' world view to explain their distrust of the fair trade coop. The coop deducts money from what it earns by selling their coffee; this looks suspiciously like earning money by trading rather than producing. With this money it employs about 30 people to run the coop. These people are "lazy" according to the producers, because they do not engage in the struggle with nature that constitutes real work. Further, they are paid a guaranteed salary every week, while the producers are never certain whether their gambles in the market will pay off at all. Again, the analysis goes deeper than Jaffee's. He relates a meeting of the Michiza coop where producers question the amounts deducted by the coop for administrative costs, but takes the perspective of the coop management that the questions originates in a lack of understanding of how much it costs to run the coop. All that management needs to do from this perspective is to show that all money deducted has been responsibly spent. But from the perspective of Luetchford's peasants, this explanation completely misses the point of the objections.

Luetchford argues that Western consumers share elements of this anti-capitalist moral economy with the peasant producers. They long to establish personal connections with the people who produce the things they consume. This explains the popularity of farmers' markets and other direct distribution channels, as well as the popularity of fair trade. Fair trade consumers, he argues, are giving a gift to producers by paying a higher price. In this way, they seek to establish personal connections with producers as well as support a lifestyle where people still produce primarily for use value. All of this recalls Fridell's discussion of moral economy, but Luetchford's discussion is much more detailed and extensive. However, Fridell might insert a cautionary note here that, while this may be true for consumers who purchase from small 100-percent fair trade roasters, the typical Starbucks consumer may be an upper middle class person displaying their class distinction. Luetchford would reply that we need to take seriously "what consumers like to think they are doing when buying fair trade goods" (181), and recognize that there is a political backlash against the myriad negative impacts of commodity fetishism that are becoming more apparent every day. While Fridell presents a sounder theoretical basis for Jaffee's recommendations, Luetchford here presents a sounder moral and philosophical basis. However,

Luetchford does not use his insights about shared moral economies to recommend ways to improve fair trade. He seeks only to explain the popularity of fair trade and stops there.

For ideas about how to build shared moral economies, we must turn to the work of Christopher Bacon and his colleagues in Mexico and Central America. For me, the highlight of this edited volume was the penultimate chapter by Jaffe and Bacon, describing the work of the Community Agroecology Network (CAN), started by a group of researchers at the University of California, Santa Cruz (mainly the co-editors of this volume) in conjunction with five coffee-growing communities in Veracruz and Yucatan Mexico, Nicaragua, El Salvador, and Costa Rica. This participatory action research (PAR) project attempts to go beyond fair trade by returning to its roots in alternative trading networks. "Our goal is to build relationships between farmers and consumers so that the coffee drinker understands the individuals and the ecosystems that produce the coffee, and farmers learn about the people drinking their coffee." (319) A major component of this work is educating coffee farmers about the US coffee market, and about what qualities in the coffee are considered most desirable. Then the farmers can work to improve their production and processing in order to achieve these qualities. They have also worked to establish direct marketing channels into the US market, so that the farmers' cooperatives can retain more of the profit than is possible through fair trade. These increased profits are used to enhance the sustainability of their production and increase biodiversity in their communities, including the development of ecotourism projects. An internship program has also been developed to send US students to work in these communities for a semester. "Farmers often talk about how they had never really valued their role as a farmer before and how they see that they have a lot to share with young people" (322)[4] This seems to be the kind of project needed to build a shared anti-capitalist (or at least, post-capitalist) moral economy between producers and consumers, that Luetchford only hints at.

This book is also somewhat broader than the others considered here, because it is not focused exclusively on fair trade coffee. Instead, it analyzes a variety of responses to the coffee crisis, including recourse to fair trade, organic production, and shade production. The book starts with an introductory section providing background. Goodman's essay sets the coffee crisis in the context of the turn to neoliberalism in the 1980s, and sets the rise of specialty, fair trade and sustainable coffees in the context of the turn to quality in consumption that accompanied it. He discusses the main issues raised by the mainstreaming of fair trade coffee. Gliessman introduces the agroecology framework used in the analyses of the environmental aspects of coffee production in the book. Petchers and Harris, two Oxfam researchers, present an overview of how the coffee commodity chain has been restructured since the end of the International Coffee Agreement (ICA) in 1989. Although occasionally superficial and simplistic in its analysis, it provides a good picture of the many disadvantages facing the small coffee grower in the TNC-dominated chain.

The next section of the book focuses on the agroecological dimension. Some of the research reported here comes from the communities in the CAN, but there is additional research from Chiapas and Nicaragua as well. Some of this research was done in the late 1990s or early

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[4] More details on this project can be found at their web site, http://www.communityagroecology.net/. Coffee can also be ordered directly from the coop in Costa Rica at this site. It may take a while to arrive, but it is very good.

2000s and does not really address farmers' responses to the crisis; other research narrows the broad agroecology focus down to one indicator: tree species diversity. Notable in this section are two articles that provide historical overviews of the evolution of the agroecology of coffee production, by Trujillo for Veracruz and Westphal for Nicaragua. Trujillo develops a typology of eight different production strategies involving coffee, subsistence production, and other income-generating activities, that can be identified in central Veracruz today. She shows how they depend on the topology of the region, degree of integration into markets, and the changing national regimes governing coffee production. Under the ICA production regime, the national coffee agency promoted green-revolution-style production of high-yield varieties in monocultures. After the ICA ended, the coffee agency was abolished, and farmers were left on their own. The current variety of strategies evolved, with many of the monocrop producers turning to multicrop strategies, usually involving more shade production. A somewhat similar story emerges from Nicaragua, where the Sandinistas in the 1980s attempted to collectivize existing coffee plantations, also using the green revolution model. This effort was abandoned after the Sandinistas lost power in 1990, and the plantations were divided up into individual plots and distributed to the collective members. These new small farmers converted rapidly to a multi-crop, shade-grown coffee production strategy that tended to have even higher biodiversity than small farms that had remained privately-held and outside the collective system under the Sandinistas. This was done as a means of reducing costs by minimizing use of chemical inputs, diversifying output in order to spread risks and provide a steady income, and providing for their own subsistence. It seems that at least in some regions, the coffee crisis has exposed the unsustainability of technified coffee production and forced some farmers to turn to more sustainable methods.

The third section of the book focuses on the growth of fair trade, organic, and other "sustainable" forms of coffee production as responses to the crisis. Bray et al. analyze the spread of organic coffee production in Mexico, and specifically in Chiapas. They argue that organic production was not primarily a response to the availability of price premiums in northern markets; rather, it was an outcome of organizing efforts by small farmers trying to cope with the collapse of prices and disappearance of the national coffee agency after the end of the ICA. Their case study of a producer coop in Chiapas shows that organic production also provides a range of benefits to coffee growing communities that go well beyond the price premium, such as environmental improvements and increased yields of associated crops such as fruit trees, social benefits offered through the cooperative, and ownership of a small chain of coffee houses within Mexico. Echoing Jaffee, they note that organic techniques are spreading from the coffee plots to the *milpas*, and highlight this as a priority for further efforts that could produce major environmental benefits.

Another excellent article in this section is Mutersbaugh's analysis of how organic certifications are actually conducted on the ground in Oaxaca. In a contrast reminiscent of Luetchford's between the moral economy of the peasant and the rationality of the market, Mutersbaugh contrasts the indigenous tradition of unpaid community service work with the technical objectivity of the certification system. The inspectors who carry out organic inspections are surveillance agents of the certifying agencies. They are there primarily to gather information and report back; they are allowed to point out deficiencies to the farmers, but they are not allowed to tell them how to remedy those deficiencies. This would compromise their objectivity. The training and extension functions are to be provided separately through the producer coops

(community service). The way this contradiction is finessed on the ground is by having people trained in both functions who operate in teams. The person serving as inspector, inspecting villages outside his own in order to remain objective, is paired with a person from the local community wearing her "extension worker hat," who is thereby allowed to "translate" the culture of the inspection into the local culture, and suggest to the farmer being inspected how to remedy any deficiencies found.

This section also includes the article by Jaffe and Bacon discussed above. Another article discusses some of the proliferating certifications for coffee: fair trade, organic, Rainforest Alliance and Utz Kapeh. However, it takes corporate propaganda at face value, and misses the points made by Jaffee about corporate strategies to evade or weaken the more rigorous standards of fair trade. The section and the book conclude with an excellent chapter by Bacon, Méndez and Fox. While the contributions to the volume are disparate and uneven in quality, this chapter does a good job of pulling all of the issues and themes they raise together into a coherent overview of responses to the crisis. It also includes an extended reflection on the future of fair trade, which puts many of the recommendations made by Jaffee and Fridell into a broader context. The authors identify two central paradoxes of fair trade. One is the power imbalance between north and south, and the other is the tension between size and values: has fair trade coffee become a movement "that sells out in order to scale up"? (361) The unequal distribution of power between north and south has constructed a global coffee commodity chain that creates wealth for the northern TNCs and poverty for southern producers. But it has also constructed the fair trade system that purports to help the impoverished southern producers. The legacy of this power imbalance is seen in the unequal distribution of power within the Fairtrade Labeling Organization (FLO), the global standard-setter, where southern producers have struggled to achieve representation amounting to four of the twelve seats on the Board of Directors. It is seen in the fact that the costs of the transition to organic production and of continuing organic certification are borne by southern producers, and in the fact that the costs of fair trade certification have recently been shifted from companies selling fair trade coffee to the producers. It is seen in the fact that complete transparency is required of southern producers, while FLO refuses to release information on the percentages of companies' total coffee sales that are fair trade. This last point also highlights the tension between size and values. FLO has prioritized increasing the size of the market, while compromising on all of the values of the non-capitalist moral economy that motivated the creation of fair trade in the first place. In order to entice TNCs into fair trade and grow the market, it has agreed not to reveal any of their "trade secrets," thereby sacrificing the value of transparency. The conflict between size and values also reveals a potential problem of the CAN project described above. It may help a few small producer coops to increase their living standards, but can it be scaled up without losing sight of the personal connections and moral economies on which it was built?

I have argued that each of these books makes a significant contribution to our understanding of fair trade coffee, and by extension the entire fair trade system. There are obvious commonalities and overlaps among the four in the aspects of fair trade examined and the arguments advanced. Yet each takes its own unique perspective, creating many synergies between them. There is a general sense, among participants in the fair trade system as well as among the social scientists who study it, that fair trade has reached a crossroads and some fundamental decisions must be made. This set of books helps us to see the outlines of what is at stake and what the implications of some decisions could be. But it also makes clear that too much of the work on

fair trade so far has been narrowly empirically focused, and that resolution of the current dilemmas requires more theoretical and philosophical work. These books start us in that direction, but more is needed. Thus having started by arguing that we really need four books on fair trade coffee, I conclude by arguing that we need even more.

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BOOK REVIEWS

Wainwright, Joel. 2008. *Decolonizing Development: Colonial Power and the Maya*. Malden, MA: Blackwell Publishing. 312 Pages, ISBN 978-1-4051-5705-6 Cloth ($94.95) ISBN 978-1-4051-5706-3 Paper ($40.95)

Critical scholars of development understand how the process works. They understand the empirical consequences of development, from modernization schemes to austerity policies for local populations. They understand the structural motivations behind development strategies and how they function in support expansion of capital accumulation. With all of this knowledge, however, one area continues to elude consensus: how to critique effectively and combat development. This is the daunting task undertaken by Joel Wainwright in *Decolonizing Development: Colonial Power and the Maya*, who argues that the solution to this vexing problem is the synthetic fabrication of a "*postcolonial* Marxist critique of development" (pg. 10, emphasis in original).

Wainwright offers a sophisticated yet strikingly responsible approach to the critique of development by eschewing the unfortunate tradition of "straw-man" construction and demolition. Instead, he seeks to synthesize Marxist critiques of development with postcolonial studies for the purpose of creating a framework for developmental critique that does not suffer from the structural limitations of traditional Marxist approaches or from the overtly subjectivist tendencies of discourse-oriented postcolonialism. The result is a broad discourse analysis of religious narratives, Latin American literature, academic studies, governmental policies, and museum exhibitions. Wainwright's goal is to illustrate the continual construction of "Mayanism," as a discourse of colonialism and development. The concept of "Mayanism" is derived from Said's "Orientalism" but, as the author argues, contrary to Said's postcolonial concept, "Mayanism" does not minimize its roots as a mechanism of capitalist integration. This synthesis of postcolonialism and Marxist concepts serves as the analytical framework for the project.

Wainwright's primary analytical argument is that many contemporary critiques of development suffer from an inability to properly locate development in historical context. In his view, this omission enables two assumptions to be made about the Mayan colonial/development experience in Belize (and critiques of development in a more general sense). While the assumptions reflect the theoretical traditions mentioned above, Wainwright moves beyond implicit defense or abject critique by pointing out areas of complementary agreement and convincingly arguing for a synthetic alternative that would be more effective in critiquing the development project without alienating proponents of either postcolonial or Marxist critiques of development.

The first assumption, rooted in postcolonial critique, states that development is a project that cannot be divorced from colonialism. The implication of this assumption is profound, particularly with respect to contemporary Marxist critiques of development. Development is predicated on the social discourse constructed during the era of colonialism. How subaltern communities and their traditional activities were defined by the process of Eurocentric colonialism – these external, monolithic definitions *become* history, which means that both development *and* counter-development discourse is erroneously based on socio-spatial definitions that reflect colonial-imposed assumptions that then parade as fact. This resultant "Mayanism"

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subsequently informs not only development schemes but also structures the counter-hegemonic Mayan resistance to these same developmental activities. Put simply, the assumption that development can simply be rejected or "unmade" is impossible. As Wainwright states:

> Rejecting "development" – the hegemonic denomination for our responsibility – is neither morally possible nor desirable. Thus there can be no simple negation or rejection of development. Not because development is good (it is not), but because a rejection still turns within the analytic space opened and shaped by development discourses (pg. 11).

Put simply, Wainwright argues that any development must be understood as a historical product and any critique or resistance to development must recognize that contemporary conditions are structurally rooted in colonial practices.

The second analytical assumption understands both colonialism and development to be processes rooted in capitalism – specifically, the expansion of capital accumulation processes. This observation, while obvious to Marxist scholars, is essential to Wainwright's goal of expanding postcolonial discourse analysis. While development may be based on discursive constructions, this construction process is purposive and focused on expanding capital accumulation. Put another way, capitalism is the mechanism that structures continuity between colonialism and development. In this sense, Wainwright offers a succinct conceptualization of development as "capitalism qua development" – like colonialism; development cannot be understood as anything less than capitalist integration. However, this realization cannot serve as an efficacious critique of development in isolation. It is only when these two assumptions are joined that a useful critique of development emerges. These assumptions and a detailed justification for the synthetic alternative of a "postcolonial Marxist critique of development" comprise the first, introductory chapter

Wainwright divides the remainder of the text into two primary sections. The first section (encompassing chapters one through three) examines the process of colonial discourse construction that would define the Maya as a colonized people and establish the discursive definitional framework of "Mayanism." This section is also where Wainwright establishes his three main empirical concepts of *capitalism*, *settlement*, and *trusteeship* as components of contemporary development. Wainwright proceeds in pragmatic fashion by first providing a succinct background chapter that describes the initial process of colonization of Belize and then beginning the task of illustrating the discursive construction of "Mayanism" in the two subsequent chapters. Of significant value is the second chapter in which Wainwright clearly describes substantial shifts in European (i.e., Spanish and British) discourse on Mayan agricultural practices. Prior to the emergence of a distinct colonial presence in Belize, Mayan agriculture was discussed as a relatively haphazard process of an indigenous people living within the context of a natural environment. This discourse shifted after the imposition of the British colonial presence with Mayan agriculture coming to be defined as a distinct "*milpa* system" and in particular, a destructive system in need to paternal guidance and reform.

The final chapter in section one analyzes diverse historical narratives including Spanish religious narratives, contemporary Latin American literature, and Mayan artifact exhibitions in the British Museum. This chapter firmly illustrates the discursive development of "Mayanism" and also highlights the continuity of this process by offering a content analysis that spans

hundreds of years. At first glance, the comparative analysis of Spanish narratives from the 16th Century, a Nobel prize-winning novel (*Hombres de maíz* by Miguel Ángel Asturias) published in 1949, and contemporary British Museum exhibits appears awkward and disjointed. However, this chapter is a primary example of Wainwright's skill as a writer and discourse analyst. The discussion of these historically disparate sources is presented as a discursive continuity – the project of constructing "Mayanism" began in the early period of Spanish conquest and continues through the present day. This continuity justifies a narrative analysis spanning roughly 500 years and requires a challenging illustration of this continuity while at the same time maintaining clear presentation and focus. Wainwright clearly meets this latter requirement – his prose is one of the highlights of this book.

The second section of the book is comprised of three detailed chapters under the sub-heading "Aporias of Development," with the concept of *aporia* playing a useful narrative role in both organizing empirical cases and illustrating their inherently contradictory reality as both historical and contemporary artifacts. Wainwright continues his analysis of select narratives that illustrate the discursive construction of "Mayanism" and empirically demonstrates how his three primary categories of development – capitalism, settlement, and trusteeship – are rooted in colonial definitions and maintained through development discourse. He examines the work of Charles Wright in particular detail in Chapter Four and pays particular attention to the shift in the author's work over time – from an agent of British colonialism to a critic of development. One of the most effective illustrations in this chapter is how Wright's early work, particularly his definition of the Mayan *milpa* agricultural system and Mayan identity, was used as a foundation to frame later development issues and practices. Wright's lack of support for development in Belize during the end of his career could not disrupt the use of his earlier colonial definitions to support contemporary development practices on the part of the Belizean government.

This latter point, of the continuity of colonial discourse, is reinforced in Chapter Five. Here, Wainwright examines the failure of the TRDP (Toledo Resource Development Project) initiative as a strategy to "settle" the Maya through a series of land reforms (i.e., the commodification of property) and agricultural reforms (i.e., the subsidization of rice to transition the Maya away from "traditional" corn production) both enforced through the mechanism of micro-loans. The story here is well-known to development scholars: the immiserating poverty and whole-sale proletarianization of formerly agricultural, rural populations. Wainwright's contribution to this base of knowledge is to point out the connections between colonial definition of "Mayanism" and the continual project of integrating the Maya into a larger national context in which their "Mayan-ness" can be incorporated into a larger Belizean identity.

The final chapter in section two is perhaps the most intriguing. Wainwright returns to his overall goal of conceptualizing a means of critiquing development, but does so in an interesting way: by critiquing existing counter-development strategies that he himself had a role in producing. The final substantive chapter is a fascinating deconstruction of the *Maya Atlas: The Struggle to Preserve Maya Land in Southern Belize* – which is an attempt to offer a distinctly Mayan interpretation of space and geography through the mechanism of "counter-mapping." In short, the Maya in the Toledo District of Belize, with the logistic assistance of scholars such as Dr. Wainwright, mapped the region using their own interpretation of the spatial environment. The result is a map of geographic space that is produced outside of the colonial/development context and does not conform to the dictates of capitalism. Wainwright, while sympathetic to the project of "counter-mapping" ("We cannot *not* desire counter-mapping" (pg. 272, emphasis in original),

maintains his focus on the legacy of colonialism and subsequent impossibility of simply replacing development. The very critique of development inherent in the *Maya Atlas* project is itself rooted in colonial definitions and developmental discourse. For example, Wainwright convincingly argues that Mayan work was specifically gendered during the TRDP reform process, yet these gendered definitions of work are replicated in the Mayan counter-mapping project. Similarly, the Maya incorporate the European definition of the *milpa* agricultural system into their own cultural and spatial definitions. Thus, for Wainwright the very nature of counter-developmental resistance remains a discursive artifact of colonialism.

The book as a whole is an impressive piece of discourse analysis and a welcome synthetic alternative to entrenched development perspectives that seem more at odds with each other than the project of capitalist development. Having said that, proponents of both postcolonial studies and Marxist development studies will undoubted find the level of Wainwright's attention to discourse and capitalist structure wanting, but the sympathetic critique of both perspectives should not cause any substantial resentment from either camp. I did find the concluding chapter on possibilities of applied resistance of development somewhat lacking, perhaps because that the book is designed as an analytical critique of development, not a primer for movement resistance – or due to the enormity of the task: how to enable indigenous/subaltern redefinition *and* combat capitalist integration at the same time. As an analytical critique of development however, this book succeeds on many levels. Wainwright's scholarship is rigorous; his writing is clear, and organization impeccable. While he does not specifically address world-system(s) research, the issues raised in this book with regards to the development of an analytical critique of "capitalism qua development" will be of interest to anyone focused on the global capitalist system. This is a substantial and unique approach to studying development that should encourage development scholars to reassess their own assumptions about counter-development context and strategy.

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Hicks, Robert L., Bradley C. Parks, J. Timmons Roberts, and Michael J. Tierney. 2008. *Greening Aid?: Understanding the Environmental Impact of Development Assistance*. New York: Oxford University Press. 344 Pages, ISBN 978-0-19-921394-8 Paper ($35.00).

In *Greening Aid*, Robert Hicks, Bradley Parks, J. Timmons Roberts and Michael Tierney argue that current environmental crises make understanding international environmental aid flows crucial, but that a lack of data and empirical hypothesis testing have left the issue poorly understood. According to Hicks et al., the international community has identified environmental problems as global problems and recognized that developing states are simultaneously at highest risk for and least able to prevent environmental degradation nationally. As a result, the global North has repeatedly made agreements to assist the global South in environmental reform through international aid that should not detract from development aid generally. However, Hicks et al. argue that the amount of money actually transferred from North to South for environmental

purposes was previously unknown because no systematic analyses of international environmental aid allocation had been conducted.

Here they aim to inform policymakers, academic and laypeople alike through a comprehensive comparative study of environmental and development aid allocation patterns over a twenty-year period. In order to conduct such a comprehensive analysis, they compile the Project-Level Aid (PLAID) database, which allows for longitudinal comparison of donors and recipients of aid by sector. Consistency in coding allows for cross-national statistical analysis, which they supplement with illustrative case studies. *Greening Aid* addresses several debates through systematic cross-national analyses and case studies, including the motivation for giving environmental aid, which states get more of it and why and the effectiveness of environmental aid. The comprehensiveness of this data set allows them to analyze environmental aid donors and recipients as well as domestic and international aid agencies.

Hicks et al. enlist a single explanatory framework that can accommodate the wide range of considerations facing key actors involved at every stage of the aid allocation process. This framework is principle-agent theory, a variant of the strategic choice approach, which focuses attention on the causes and consequences of different choices made by donors in the aid allocation process, where aid allocation is treated as a series of nested games between strategic actors. This framework assumes that the aid allocation process begins with citizens in the Global North who elect government officials who then delegate funding to either domestic or international aid organizations who finally distribute the aid to countries in the Global South.

The first stage in their analysis considers overall patterns in aid allocation from 1980 to 1999. They begin this analysis by categorizing aid in terms of its impact on the environment and charting the overall trends in environmentally damaging, beneficial, and neutral aid over the twenty-year period. They find a large decrease in damaging, a small increase in beneficial, and a huge increase in neutral aid. The second stage of the analysis disaggregates types of environmental aid allocation by issue that environmentalists and governments deem critical. Hicks et al. find that the type of aid recommended by scientists is very weakly correlated with the type of aid given and that aid is not following to the places where it is needed the most in terms of environmental effects on human life.

The next stage of the analysis focuses on aid recipients. They begin this section by conducting case studies of five aid recipients in order to address the question of motivation for the particular cases donor states choose to give aid. Here, they infer donor motivation based on case studies of recipients with a comparative analysis of the relative need for aid and political benefits for donating between cases. They conclude that aid may be benefiting donors geopolitically more than it is benefitting recipients environmentally. The second component of the aid recipient analysis uses cross-national statistical analyses to further address the question of who gets aid and why. They find that need for environmental aid partially explains its receipt, but overall aid allocation patterns are better explained by national income, population size and colonial history of the recipient state, which supports their conclusions from the case studies of aid recipients.

Next, Hicks et al. focus their attention on the donors of environmental aid. They conduct case studies of five major donors, two of the greenest, two of the least green and one that went from least to most green within the span of a decade. This analysis reveals a strong convergence in donor behavior regarding the environment, where all five cases become increasingly ‘green,’ albeit at different rates, over time. They compliment the case studies of aid donors with an investigation of donor behavior through cross-national statistical analysis. They find that GDP

and ‘post-materialist values’ predict aid allocation, especially the fall of ‘dirty’ aid. However, they are surprised to find that strong national environmental policies are negatively related to environmental aid expenditures.

In the final stage of their analysis, Hicks et al. investigate the use of multilateral aid agencies compared to domestic bilateral options. They begin by analyzing the patterns in aid allocation over time for multilaterals and find an overall ‘greening’ trend. They proceed with case studies of the multilaterals that rank the highest in overall environmental friendliness in order to investigate the ‘greening’ process. They find contrasting motivations between agencies. In the final component of this section they investigate the motivations of donors for choosing multilateral versus bilateral organizations for aid distribution and find consistent motivations where donor governments with small or ineffective bilateral aid agencies and small populations and economies are more likely to prefer multilateralism. They conclude with a call for further research and attention to environmental issues and acknowledge the limitations of this study.

As promised, *Greening Aid* delivers empirical evidence on a range of questions relating to international environmental aid that had previously been neglected due to data limitations. Hicks et al. are able to accomplish this through a massive data collection project paired with a mixed method approach. Their cross-national statistical analyses paired with in-depth case studies gives the project considerable breadth and depth and allows them to address a wide range of issues relating to environmental aid.

This study sheds light on crucial aspects of development and environmental aid but also leaves many questions unanswered. For instance, Hicks et al. set out to compare environmental aid to development aid generally in terms of allocations patterns and to provide a complete, coherent account of the causes and consequences of environmental aid to developing countries as a whole. While they pay considerable attention to the causes of development aid, the consequences are neglected in comparison. They consider the effectiveness of aid only indirectly through inferences based on allocation patterns. The under-treatment of environmental impacts of development aid is especially surprising considering the subtitle of the book. However, *Greening Aid* provides a solid foundation on which to build future work in this area thanks to their tremendous accomplishment in data collection and identification of key areas requiring further systematic investigation.

The methodological comprehensiveness of this work is impressive. However, world-systems scholars will likely find the theoretical framework employed somewhat limiting. The focus on individual and group-level decision making as the casual mechanism for aid allocation ignores, or at least downplays, the importance of the historical context of current environmental problems. Rather than locating the source of global environmental problems in a broad historical context where the system of global capitalism drives degradation and resource consumption, Hicks et al., along with the international community, treat peripheral states as the main culprits of environmental problems and developed states as benefactors acting on behalf on the global good. From this perspective, the aid allocation processes is driven by the choices made by key actors in the global community. The actor oriented theory of *Greening Aid* puts considerable power in the hands of individuals at the expense of global historical processes, which will likely leave world-systems scholars unsatisfied.

Although this analysis departs substantially from a world-systems perspective, the work done by Hicks et al. provides a promising avenue for development studies within the political economy tradition. For instance, Hicks et al. highlight the importance of determining the

relationship between particular types of aid and particular development outcomes that are now possible with their PLAID database which is scheduled to become publically available in 2010. Overall, this is a methodologically complex analysis that, although departing theoretically from the perspective advocated for by this journal, offers new insights and future possibilities for world-systems scholars. *Greening Aid* is an ambitious project that promises to be useful to policymakers, concerned citizens and scholars from a wide range of academic disciplines. Anyone who is interested in global environmental issues would benefit from adding *Greening Aid* to their collections.

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Bush, Roderick D. 2009. *The End of White World Supremacy: Black Internationalism and the Problem of the Color Line*. Philadelphia: Temple University Press. 258 pages. ISBN 978-1-59213-573-8, Paper ($28.95).

[Ed. note: Rod Bush received the 2010 Marxist section's The Paul Sweezy Marxist Sociology Book Award for 2010].

White world supremacy is both a metaphor for racial domination on the global level and an expression of the structural and social conditions of racial hierarchies, racist practices, and subordination by race within historically constructed conquering systems. This ambitious and wide-ranging book about the "End of White World Supremacy" particularly within the lens of "Black Internationalism" and the "Problem of the Color Line" written by Professor Bush manages to present these arguments in a cogent, well-developed work that analyzes the Black international tradition using world-systems theory.

Black social movement history, ranging from Fanon's critique of colonialism in both the Caribbean and in Africa, through the struggles of the Jim Crow south and emergence of racial stratification on a global level, is developed as a central theme of the modern world-system, and a primary problem of systems that see themselves as democratic and free. Bush's discussion of the Black intellectual tradition and its many scholars, especially W.E.B. Du Bois, is particularly brilliant and will remain as a major contribution to race studies on its merits alone.

Bush develops his work within two large and familiar analytical constructs of Theory (part 1) and Radical Social Movements (part 2). Within the first couple of chapters, he takes us through World War I and into the struggles between the great wars, with the gradual emergence and early development of Black internationalism and some of its leading voices, such as the evolution of the New Negro radicals. Later, with terms such as the "Blackening and intensification of U.S. radicalism" (p. 178) Bush demonstrates linkages between movements, including the Black Power and Civil Rights movements. Here is where he observes how neoliberal globalization intersects with an official and popular "color blindness" (p. 88) as the structuring of power and socioeconomic position, found in "strata that exist in all of the core

states of the world-system" (p.179). Further, in a trend that correlates well with Wallerstein's observation of hegemonic decline over the same period, Bush sees that:

> During the past twenty-five or thirty years, the bottom layers of the populations of the core states have been devastated by policies of neoliberal globalization that have reversed the social regimes of the power-World War II period (p. 180).

Especially pertinent to world-systems theory, and powerfully set into a colonialist development into the modern world-system as conquest over the Americas, is the application of Quijano's fundamental historical processes as racial domination (pages 127-130). This includes a "massive extermination" (p. 128) of indigenous peoples in the western hemisphere, and a maximized system of labor control including race-based slavery, that helped to build capitalism and the world market.

These analyses are primarily critiqued through an adapted Marxist framework that considers capitalist development as ridden with racism that is deeply embedded in the entire system. Here it proves useful to provide the essence of the work, in a larger quote, that this reviewer not only completely agrees with but believes would be well-served to develop into a larger work:

> I have argued here that systemic racism is the foundation of the new world formed with the European conquest of the Americas, the destruction of the Amerindian civilizations, and the capture of Africans to serve as slave labor in the colonial societies. It was at this time that the concept of race was introduced into scientific and public discourse as a means of naturalizing the relationship between the conquerors and the conquered, and was generalized to the entire world-economy during the subsequent European conquest of the rest of the world (page 216).

Perhaps the only real issue that could be taken with the world supremacy, or globalization part of the overall discussion is that Blacks, while becoming the primary subordinated groups in the core of the modern world-system, are not the only nor probably even the first. The general ideological analysis of this struggle therefore is somewhat limited, brilliant and comprehensive as it is in terms of the color line for Blacks. In Latin America, and indeed in Africa itself, it is the indigenous peoples, or what some term the tribal nations, that constitute the bottom strata of society. With the gradual decline of "white world supremacy" (p. 165) as a hegemonic phenomena, some of these differences may be important to tease out.

However, in linking what Bush identifies as the "spirit of Bandung" (p. 193) with the important voices of DuBois, Malcolm X, Aime Cesaire, and Franz Fanon, among others, he observes the critical moments when Africans, Blacks from America, and the "dark world" (p. 15) in general, begin to see their common struggles, especially in terms of various forms of decolonization and challenges to systems of global stratification. Imperialism in its post-modern form of "invisible" (p. 216) racism is thus threatened, and takes note of this common detestation of colonialism. Various individual caveats demonstrate this, such as when he notes how DuBois and Robeson were kept from attending Bandung by the State Department which did not allow them to travel. The mask is thus unveiled.

Near the end of the work the possibility of ending white supremacy emerges, but carefully within the construct of continuing struggle and the essence of movement, against the backdrop of the election of Barack Obama, also viewed within the global lens. Bush sees the election as a sign of this ongoing, progressive struggle, but one fraught with danger in how it can be utilized by conservative forces to deny racism. He calls for decolonization of the "U.S. Empire" (p. 219) in both its internal constructions and its external manifestations, and a shift from centrist policies that will reproduce current systems, toward an agenda of needed change that will address ongoing issues of social injustice, and an altering of the world-system in favor of subordinate forces. In this analysis, as in his major contributions toward understanding of how we have collectively reached this point of struggle against white world racism, we must hope that this is the beginning of the end of racial supremacy.

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Smith, Jackie. 2008. *Social Movements for Global Democracy*. Baltimore: Johns Hopkins University Press. 286+xiii pages, ISBN 13:978-0-8018-8744-4 Cloth ($55.00), ISBN 10:0-8018-8744-5 Paper ($25.00)

There probably is no academic researcher who knows more about transnational movements on the political left today than Jackie Smith. For quite some time she has been putting out important studies: of the UN as a site for movement action, of the changing emphases and organizational structures of transnational movements, and of specific events like the "battle of Seattle". She has also shaped the field through important edited collections. This splendid book is another richly detailed and original treatment on her part. It draws on her previous work in the area, but it amounts to a new, large, bold statement. It is densely packed with bold claims, thoughtful argument, and impressive data and deserves extended discussion.

Social Movements for Global Democracy addresses a vast field of political contention involving a great variety of actors in many countries, pursuing many specific tactics in many venues. It takes you into UN negotiations and into the formally organized movement organizations that rub shoulders there. It takes you into the looser World Social Forum process and its spinoffs and subprocesses. It takes you into the streets when the meetings of the key institutions of neoliberal globalization – the IMF, the World Bank, and the WTO – attract a diversity of protestors. And it pays heed to the great variety of movement participants, from professionals in formally structured, transnationally organized bodies seeking to shape national legislation, EU policy or UN resolutions to more loosely connected temporary coalitions and on to anarchists set on disrupting the plans of the powerful. Other eminent scholars have lately had their sights on this arena: Sidney Tarrow had been extending the tools of social movement studies to the transnational arena, Peter Evans is tackling counterhegemonic movements, Chris Chase-Dunn is examining the World Social Forum process. Jackie Smith's book is a grand synthesis of this recent scholarship by herself and others.

The title suggests a broad subject matter but this study is actually broader than that title because it has a great deal to say about the antidemocratic institutions the democratic forces are up against. As Smith portrays the global field of conflict, her movement professionals and anarchists are not simply challenging the great inertia of the status quo, but are contending with an at least equally active, dynamic, and savvy collection of opponents. For her, the neoliberal order, supported by powerful states, transnational organizations, and wealthy corporate interests is not something that is established and well-entrenched, hallowed by the centuries—far from it. It has been actively expanding its reach and is vigorously engaged in trying to beat off potential challenges. To understand the global political scene, Smith shows, we will need to understand the movements on the right as well as the left. (Ongoing research by Clifford Bob is illuminating this part of the terrain.)

This book makes major contributions to two important, lively literatures: studies of social movements and studies of globalization. Some prominent scholars have been skeptical about the prospects of movements that cross borders. Many social movements fail, more than is often recognized in a body of research skewed toward successful instances. The barriers to transnational movements seem especially formidable. One might question whether people with little common identity, with very different life-situations, with access to radically differing resources, involved in different patterns of national politics, and subject to the barriers of distance (both spatial and cultural) can come together for coordinated action, let alone effective action. While social movements for a couple of centuries have been major actors in shaping the democratic politics of the wealthier national states, it is hardly obvious that transnational movements can play some similar role in challenging and reshaping global structures of domination. For one thing, there is no global state to act as common target for movement action, and mechanisms for carrying out global policies are highly problematic. In addition, one of the very important resources of national social movements for democracy has been the democratic legitimacy claims of states themselves, something strikingly absent in many of the major institutions of transnational power.

As for the globalization literature, its students have with some frequency seen the construction of cross-border connections in recent history as some combination of economic, political, and cultural processes in which the major players have been multinational corporations and financiers, states, and the established media. Some would now add to this list well-funded transnational NGOs. Grass roots movements seem either impediments or insignificant. Even some of the movement activists of whom Smith writes accept that “globalization” denotes the top-down processes against which they mobilize.

To all these skeptics, Jackie Smith has marshaled, not just in this book but in her entire corpus of work, a vast body of material that shows the reality of transnational movements and the extent to which globalization is happening bottom up as well as top down. The transnationally organized activism that she describes is part of the making of globalization, not just a reaction to it. It’s great to have this synthesis, and if there are any skeptics left after reading it, this is the book they are going to be debating.

Some of the chapters and arguments are simply brilliant, too many in fact to pause to enumerate them all. My favorite is chapter 9. It is the best account we now have of how strong are the transnational institutions that monitor the global economy compared to those that monitor such things as human rights and the environment. But rather than content herself with simply recounting the disparity in resources, Smith points to the degree to which the coexistence of

incompatible priorities surrounding different UN-related agencies might constitute a galvanizing spur to movement demands. Throughout the entire history of modern democracy from the late eighteenth century to the present day, contradictory claims and commitments have provided the basis for compelling social movement activism. If, to take one historically significant example, democracy's legitimacy reposes on the kind of claim of inclusiveness of political rights enshrined in a phrase like "universal suffrage", the exclusion of some from that universe has been a frequent source of movement mobilization. Smith is very interestingly arguing that the tension in our day between valuing human rights and valuing the play of market forces is yet another vital contradiction that has already fuelled activism on a transnational scale and will do so again.

Chapter 7, on the media, is very insightful, too. It's a masterful account of the advantages of the neoliberal network in getting its case out there and hence in shaping the public part of the global agenda. The degree to which many routinely use a phrase like "democracy and the market" as coequal and mutually dependent values is a remarkable statement of the commonsense of our era, although it has of late been looking less commonsensical. At least as striking is the degree to which my undergraduates show up with the notion that this book's subject matter is "antiglobalization movements", when many of Smith's democratizers are actually proposing alternative models of globalization. There are of course xenophobes who truly object to globalization in any form, but they are not what this book is about – something I want to return to.

I want to take note of one other profoundly admirable trait in this book, the way in which Smith's open ethical commitments energize rather than impede her scholarship. We have had endless discussions in the social sciences of whether one should or should not, could or could not, put down one's moral and political commitments when one takes up the researcher's toolkit. Jackie Smith's commitments lead her to obviously favor one network over another, to take pleasure in the thought that the one she favors is acting effectively in the world, and to draw on her research to advise the like-minded on how to do even better. But rather than simply substitute hope for observation, she provides a multiplicity of instances of movement activism. And she always casts her keen scholar's eye on the strengths and energies of the opposition, too. In short, her ethical commitments may have energized her search for data, but she gives us a lot of data, not just wishful thinking. Some may see that data as supporting a significantly less optimistic reading of the trends than her own.

In thinking about how we might try to build on this important work let me point to five sets of questions. First, I want to question whether the central barrier to global democracy is adequately characterized as neoliberalism. Second, I want to consider the role of the national states in today's globalization and consider whether we need to add something beyond their role in defense of global capitalism. Third, I want to raise some issues surrounding the effectiveness of democratic movements. Fourth, I want to draw on the history of the democratization of the national states to think about what may be other resources for democratic globalizers. Fifth, I want to open the question of global democracy itself.

First, then, neoliberalism. The book is framed as an ongoing contest between the champions of neoliberal globalization and the champions of a more democratic global vision. Smith depicts with great power the resources available to the neoliberal network and argues that despite these formidable resources, the proponents of a more democratic global order have their own resources, opportunities and successes. "Neoliberalism", she tells us, "limits government roles in providing social welfare and regulating economic activities within and between nations,

maximizing the role of market forces over political negotiations in shaping economic policies" (see p. 243, note 1). While one can indeed find such a social vision promoted in some of the think tanks on the political right, it seems to me a misleading characterization of the policies actually promoted by some very powerful shapers of globalization.

My large reservation, therefore, is that I think she has too radically narrowed the field of global contention by so tightly focusing on the advocates of such neoliberalism and their increasingly active opponents on behalf of global democracy. But in her own big conceptual scheme she recognizes the existence of two other stances. There are those who, unlike her neoliberals, identify not with unhindered market processes but with the dominance of a particular national state and particular large firms and who deploy state power to serve particular economic interests and particular national power interests. I think it misleading to equate US policy in the global arena, for example, with neoliberalism as Smith and many others define it, when the US actually favors elimination of national defenses against the global marketplace when it comes to the export of US manufactures but is highly protectionist when it comes to the import of third world agricultural products. And much the same could be said of Western Europe. This is not a small difference about minor details. Nor could US immigration policy be described accurately as rooted in a commitment to the free flow of the factors of production. (It seems much closer to the mark to describe its objective as the creation of an insecure, low wage labor force.) In addition, many have described important parts of US economic policy as the socialization of risk for powerful corporate actors, as, for example, has James K. Galbraith in his recent The Predator State, whose title points to a reality that has nothing in common with the minimal state of free-market dreams.

Although Smith points up the harms connected to neoliberal policies in the Third World (and there is no shortage of those), many a Third World farmer would rejoice if the US and Western Europe were more genuinely neoliberal, opened their domestic markets, and abandoned their subsidies for domestic producers in the agricultural arena. In other words, some very significant proportion of neoliberal rhetoric is simply baloney, along with such preposterous notions as that the US Republican Party favors fiscal stringency. It is a very important question how claims of market freedom have come to be invoked to defend a system of social inequalities created in large degree by state policy, Talk about "free markets" is in some quarters a very important rhetorical strategy that deserves its own scrutiny, but we should not mix this up with the actual content of policies. Debating the social vision of free market utopias is an interesting exercise, but this vision has only a very limited connection to policies actually pursued by the world's dominant powers, however much they invoke its language.

Those who are in opposition to the untrammeled play of market forces include not merely her democratic globalizers, therefore, but the governments of most rich countries. In addition, however, besides her democratic globalizers, there is another, extremely diverse, collection of enemies of neoliberalism with an important role today, namely a variety of nationalists, religious zealots, and racists. Some of these are organized increasingly on a transnational scale thanks to the same social processes that have brought her global democrats together. Such movements are, in places, probably fuelled by concern over protecting "our" jobs, or culture, or political institutions from foreign workers, foreign ideas, or foreign funds, in short, from the transnationalized market. With all this in play, I am not persuaded that the political struggles to define a global order today are readily reduced to a neoliberal network vs. a democratic one.

Differently put, movements for global democracy have a lot more to struggle with than neoliberalism.

Second, understanding the states. One major player that is aiming for its own global domination is the United States, with its vast network of military bases. In the presidential campaign of 2008, the nominees of the major parties were more concerned to surround themselves at their nominations with encomia from generals than from business leaders. The foreign policy portion of their first TV debate was largely devoted to whether Afghanistan or Iraq was the right Middle Eastern war for restoring America's rightful place in the world. And by way of additional complication, adherents of such foreign policy proposals during the Bush years were apt to defend them as the vehicle for global democratization, too, a rhetorical element deserving of as much attention as the language of neoliberalism. But "democracy promotion" as a US goal preceded Bush and has been subject to much scrutiny by William Robinson and others. Whether such policies create opportunity for the kind of democratic globalizers Jackie Smith is studying deserves some scrutiny.

A corollary issue is the challenge to a democratic future presented by the global war on terror, with its enhanced security measures in many countries and the consequent constrictions on personal freedoms, enhancement of executive authority, and ready justification for state secrecy, all of which may seriously challenge democratic accountability to citizens. In addition, we should consider the ways in which security concerns have become entangled with issues surrounding immigration and the social integration of newcomers. This challenge is all the more serious to the extent that there actually are serious security issues that those managing the strong states are going to be paying attention to regardless of their views on the relationship of state and market. I refer not so much to al Qaeda as to the possible acquisition of nukes by terrorists, or criminals, or threatened states. If we try the thought experiment of asking what a nuclear detonation would do to the state of global democracy, we will again see that we can not sum up the challenge to a democratic order in our time as "neoliberalism".

My third arena for further exploration is the criteria for claiming movement success. At points this book seems to have in mind actual policy changes on the part of states or transnational agencies that benefit poor countries or poor people. But at other points, success is taken to be the achievement of democratic practices within the movement. At still other points what seems to count is the very existence of a lively movement These are all important matters, but they are not identical. If movement activists are able to fashion a more democratic movement and include previously excluded voices within the movement, Smith contends, they are forging a culture that plants the seeds for future democratization. Maybe so. But as recent social movement scholarship has (at last!) begun to devote some sustained attention to thinking through how to analyze the impact of movements, we have been coming to understand how difficult it can be to develop firm conclusions and how complex the consequences of social movement action can be. Think of the ways in which the US Civil Rights Movement of the 1960s, in its success in challenging the racial foundations of the southern branches of the Democratic Party, helped create the conditions for decades of dominance by the Republicans. (On such matters the collection How Social Movements Matter – edited by Giugni, McAdam, and Tilly – is deeply thought-provoking.) With regard to transnational democratic movements, I think it would be very helpful if we could differentiate among types of success, distinguish shorter from longer run impacts, and keep countermovements in mind. That is a big agenda this book raises for the future: either for the author, or her students, or the rest of us who admire this work.

Divisions among the powerful. Jackie Smith has many acute observations on the diverse missions of transnational agencies and the ensuing tensions among them. This strikes me as an important arena for further exploration, especially in light of the history of democratizing movements within the national states. With great frequency it has been unexpected divisions among the powerful that have opened the way for movements and have generated allies. To try out one example among thousands: in many parts of Europe, the nineteenth century campaign for voting rights for women was carried by the political left. But in the era of World War One, when workers' movements, military mutinies, socialist electoral successes, fears of radicalized immigrants, and the Russian Revolution scared the establishment, the political right discovered that enfranchising women, believed to be innately more conservative, might be a good plan. Or an even older one: long-standing conflicts of powerful local aristocrats and centralizing monarchs before the 19th century were an essential context for Europe's numerous popular movements all the way to such seminal events in democratic history as the English civil wars of the 1640s or the French Revolution. No one foresees such things, and popular movements are likely to be as hostile to monarchs as to aristocrats, but they happened again and again. Our world of antagonistic states, and organs of transnational power in significant disagreement, are going to create opportunities for global democratizers even if no one can foresee where or when or how. Jackie Smith's analysis of conflicting propensities among existing transnational institutions, however, does suggest that despite their enormous resources unexpected openings for transnational movements will emerge, just as they emerged for national movements.

Finally, the question of global democracy. Let me here draw on some of the typically tough questions Charles Tilly once troubled me with after reading something of my own on paths toward a more democratic world. How, Tilly demanded, will we know when we are headed down such a path? By what criteria? Measured how? Since there is no reason at all to expect that a more democratic global order will look like a democratic national state, just on a larger scale, to what extent can we draw on familiar ideas about what democratic institutions are at the national level – something with which we have had much experience – and specify right now how we would know global democracy if we ever run into it…and to what extent are we, as scholarly observers, inevitably engaged in ad hoc improvisations, just like the global democracy movement itself.

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Schuerkens, Ulrike, ed. 2008. *Globalization and Transformations of Local Socioeconomic Practices,* New York: Routledge. 216 Pages, ISBN 0-415-96090-8 Cloth.

This volume, published in Routledge's series *Advances in Sociology*, is quite interdisciplinary in character as it attempts to appeal to economists, sociologists, and anthropologists alike. A consequence of this however, is that the chapters are rather uneven in terms of the types of contributions world-systems scholars might appreciate. Some are summaries of recently

published books, others are essays, and a few read more like papers in progress. In addition, despite the editor's attempts in her introduction and more so in her concluding chapter to give the various contributions more coherence, they remain very disparate essays that primarily stand alone.

The first essay, by Peter Imbusch entitled "Contradictions of Social Responsibility – German Business Elites and Globalization," uses a content analysis of newspapers and business journals as well as dozens of interviews with business elites to contextualize the shift from "Rhenian Capitalism" to a model of neo-liberal Anglo-Saxon capitalism while referring to a Goffman-like 'front stage' of corporate responsibility juxtaposed with what happens backstage. Although well-written and easy to understand, the essay contains little new information: anyone who has read quality newspaper reports about Schroeder's socioeconomic reforms will have garnered the same information. The second essay is Nina Bandelj's "Negotiating Neo-Liberalism: Free Market Reform in Central and Eastern Europe." Her essay provides an in-depth comparative analysis of how neo-liberal shock therapy has played out differently in various post-communist Eastern European regimes due to differential domestic cultural and political legacies, such as the strength of trade unions and the prevalence or absence of nationalist protectionist discourse. The essay's arguments are sufficiently compelling that one will likely be tempted to further explore the matter in her book *From Communists to Foreign Capitalists* published by Princeton University Press in 2007. The third essay, Andrea Mennicken's "Mobilizing International Auditing Standards in Arenas of Political and Economic Change in Post-Soviet Russia," highlights how internationally recognized accounting and auditing standards were promoted by the Russian government after 1991. Written by a lecturer in accounting, this is the most turgid a-political contribution in the volume and the topic so specialized that it will likely only appeal to a select few. The fourth essay, Thierry Pairault's "China's Response to Globalization" is arguably the most provocative essay in the entire collection. Written by someone who is both a trained economist and sinologist at the École des hautes études en sciences sociales (in Paris), the author provides a fascinating analysis of how the notion of 'Confucian Values' has been manufactured throughout the 19th, 20^{th,} and 21st centuries to serve different ideological agendas and public policies. Some might find this a very interesting indirect follow-up to Giovanni Arrighi's *Adam Smith in Beijing* (Verso, 2007).

The fifth essay, by Frederick Wherry, addresses "The Export of Cultural Commodities as Impression Management" with a focus on Thailand at the World Fairs from the beginning of the 20th century to the present. In the essay, derived from data based on semi-structured interviews with artisans as well as archival sources, the author provides an interesting theoretical typology about how ideal-typical cultural orientations toward cultural commodities manifest themselves in the various strategies that countries pursue to promote multiple cultural goods. Acculturated nation states such as Thailand, Wherry claims, preserve their pre-modern traditions as symbols of national identity with significant implications for tourism, schools, museums, etc., whereas assimilated orientations lead states to mimic the cultural institutions in core countries. Wherry also asserts that reactive states block the commercial circulation of culturally significant commodities. The author's ongoing research agenda directly addresses the extent to which states with somewhat similar economic, political, and social positions in the world system might experience different degrees of market demand for their cultural goods and services due to their country's cultural situation. This also indirectly contributes to the ongoing debate about agency versus structural constraints in the world economy today. The reader who would appreciate a

more comprehensive account of this topic would do well to consult his study *Global Markets and Local Crafts: Thailand and Costa Rica Compared* published by Johns Hopkins University Press (2008). The sixth essay, Mathilde Gauvain's "Informal and Formal Economy in Caracas" provides valuable insights and reflections about the different ways one can theoretically interpret the significance of the informal economy in the periphery. The author specifically links the increase of globalization with the growth of the upper and lower tiers of the informal sector in general and in contemporary Venezuela in particular. Unfortunately the essay, though based on ethnographic observation, is very brief in comparison with the others in the volume and somewhat gives the impression that it is more a draft from a chapter in a dissertation than a polished presentation of research findings. The seventh essay, by Dirk Kohnert entitled "Common Roots, Shared Traits, Joint Prospects?" analyzes (sub)-cultures of innovation and empowerment such as vodun or vodou with reflections on Benin and Haiti. Not only is it a rather strange topic for an economist, but the overall contribution is unclear as the text, devoid of any methodology or data, did not enlighten the reviewer as to its theoretical position, notwithstanding some vague and passing references to 'glocalization.' The eighth and last essay is "Rethinking Free Trade – Practices in Contemporary Togo" by Nina Sylvanus. The author provides an interesting long-term historicization of female entrepreneurs in Togo and how the significance of South Asian and East Asian textile production has altered the local market as well as networks in the region. Like Wherry in the earlier chapter discussed above, Sylvanus's intervention is an important one: to what degree are local markets able to adapt to ever increasing global competition? And to what extent is the local able to structure certain aspects of the global?

Altogether, this edited volume contains some interesting contributions about various socioeconomic practices. But the lack of a unifying theme among the different chapters remains somewhat disturbing, resulting in a frustratingly imbalanced collection. This is undoubtedly what results when one collects papers from (former) graduate students, colleagues at the same institution as the editor and various papers presented at different conferences over a couple of years. Though the book is too dense and specialized to be used for undergraduate courses, its general lack of coherence does not make it a compelling required read for doctoral seminars either. Some scholars, however, might want to acquire it for the sake of consulting some of the specific essays or topics discussed above.

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Modelski, George, Tessaleno Devezas, and William R. Thompson (eds.) 2008. *Globalization as Evolutionary Process: Modeling Global Change.* London and New York: Routledge. 444 pp. ISBN 0-415-77360-1 (hbk) 0-415-77361-x (pbk).

The result of a project funded by Lisbon's Calouste Gulbenkian Foundation, this volume is the tenth book in Routledge's Rethinking Globalizations series. Barry Gills, the series´ editor, is also the founder of the Globalizations journal and an advocate of the multiple globalizations perspective. The notion of multiple globalizations is a means to argue in favor of a multitude of

voices & perspectives about globalization– which in turn is an argument set against the monolithic logic of contemporary neo-liberalism. Certainly this volume represents a distinct and hitherto underdeveloped perspective on globalization.

The impetus for funding this project has been in accordance to the Foundation's past sponsorship of major undertakings in the social sciences that aim to revamp the social scientific enterprise *per se* – such as the well-known *Open the Social Sciences* report of the Gulbenkian Commission. This book consists of 17 papers originally prepared for a seminar held in 2006 at the International Institute of Applied System Analysis in Laxenburg, Austria. The papers are grouped into four parts: one cluster of them looks upon globalization as an explicitly evolutionary process, a second one advances a set of different historical interpretations as processes, a third cluster focuses on recent changes associated with information technology, and finally the last cluster examines the potential for developing models of forecasting globalization trends and developing simulations of globalization processes. The volume's introduction and conclusions are a succinct and rather successful effort to sum up this bewildering array of topics and approaches into concise statements about the volume's overall orientation and the theoretical and methodological perspectives of the contributors. Providing a detailed, chapter-by-chapter account is impossible – at least for this reviewer. Not only is he volume's size an issue (444 pp.), but also the subject matter is difficult to summarize and communicate easily to non-experts. Most chapters deal with complex issues employing sophisticated language (unnecessary jargon, some will say). Furthermore, in several chapters the use of advanced mathematical modeling and quantitative techniques makes it hard for the less mathematically inclined to follow the arguments closely. Consequently, the choice made in this review is to sketch the material presented in the volume's four parts, while focusing more extensively on the theoretical and rather more reader-friendly arguments presented mostly in Part I. In this manner, the material's accessibility to the broadest academic spectrum is maximized.

In Part I, Modelski's chapter on 'Globalization as evolutionary process' sets forth the volume's most theoretically explicit argument, arguing in favor of an 'institutional' (versus a 'connectivist') approach on globalization, whereby globalization is viewed as 'the construction (and/or emergence) of institutions of planetary scale' (p. 12). That is, in contrast to the approach followed by David Held and his associates in their *Global Transformations* (1999), Modelski argues that the processes of globalization have to be explained in evolutionary terms, taking the *long duree* of human history as their frame of reference and the human species as the unit of analysis. According to his line of argument, the onset of globalization coincides with the start of the modern era of the world system – around 1000 AD (p. 14). From Modelski's point of view, world system evolution is a cascade of multilevel, self-similar processes that exhibit self-organization. Instead of the traditional notion of "adaptation", Modelski proposes the notion of evolutionary learning (p. 16) as the form of globalization. Accordingly, long 500-year cycles characterize globalization processes viewed in terms of evolutionary learning by the human species. In Chapter 3, Devezas and Modelski follow up on this logic of systemic learning by examining the Portuguese's technological innovations in the era of early globalization. They argue that Portuguese expansion in the 15th and 16th centuries consisted of global processes (K-waves and long cycles) that exhibit the properties of systemic learning. In fact, the close relation between technological innovation and K-waves in the period preceding the Industrial Revolution can be accounted for via evolutionary analysis. Next, William R. Thompson applies Modelski's model of evolutionary globalization in the study of political globalization, arguing that in the long

run, the world is becoming more orderly and hierarchical. Yet, within this emerging picture, further complexities are explored both with regard to the nature of the measurements as well as several threads of substantive explanation. In his contribution, Joachim Karl Rennstich defines globalization as "a long term social system. . .without a single orderer" (p. 87), and argues in favor of looking upon historical globalization in evolutionary self-organizational terms. That is, while rejecting technological determinism, Rennstich argues that technological innovations, once fully embedded into their social context, result in the development of leading sectors which in turn enable specific units to become powerful leaders in the global system (p. 103). Fulvio Attina looks at long-term change in political institutions and ways of model building capable of social forecasting. He focuses specifically on the emergence and strengthening of formal institutions of organization and government over the last 80 yrs. & reflects on the advantages and the drawbacks the US´ decline of hegemonic position in the world-system.

Part II of the volume is devoted to presenting various models of long-term change. These models range from mathematical models of world-system development to examinations of periodic waves of integration in the Euro-Asian world system to analyses of city-size distributions in historical systems. Catia Antunes' chapter on the applicability of various interpretations to the study of historical globalization was by far the most accessible for this particular reviewer: Antunes presents a lucid historiographical and analytical overview of the models set forth by Braudel, Wallerstein, Frank, and Held. In turn, that leads to a careful and well-thought argument about the scholarly progress made in conceptualizing globalization in history. Part III is devoted to studying the relations between evolutionary logic and the current phase or stage of globalization. The problematic takes its clue from Manuel Castells' (1996) famous thesis about the contemporary period being an "information age." The individual chapters of Part III focus on various aspects of the relationship between information technology and contemporary society. The topics range from the acceleration of socio-technical evolution to the growth of the Internet to developing an evolutionary perspective on Informatics research. Quantitative and historical analyses intertwine in most chapters of Part III. In this Part, the most interpretative-friendly chapter is the one by Shumpei Kumon and Yasuhide Yamanouchi, who combine systems theory with elements of world-system analysis in order to analyze the modern world-system (and modernity itself) in terms of three distinct globalizing phases – the latest of which is our current age. Part IV's three chapters move on to the most challenging issue of forecasting globalization – a theme pursued in part in relation to the well-known A.T. Kearney/Foreign Policy *Globalization Index*. Barry B. Hughes uses the International Futures to measure globalization and extrapolate from the available evidence to social forecasting, while Rafael Reuveny argues in favor of using world models for the purposes of forecasting globalization trends. In fact, this chapter uses two such simulation world models (World3 and Globus) in an effort to find the most promising forecasting model.

Finally, the editors' concluding remarks affirm the plausibility and viability of the evolutionary perspective in globalization studies. Their tone is self-congratulatory ("That is a no-brainer!" is the opening sentence) and shows the editors' self-assurance. The volume's substantive findings, they argue, lend themselves to two main conclusions: first, "globalization is a powerful, long-range trend that is not easily reversed or aborted"; and second, while "explanations of globalization are far from settled [. . .] an explanation based on evolutionary learning appears to be plausible" (p.419). The editors conclude that the volume "presents a good case in favor" of the evolutionary concept of globalization (p. 428) – and certainly that is

undeniably true. Further, they argue that "a reasoned outline of an evolutionary process model of globalization is now at hand" and that "should be modeled as a logistic, or a hyberbolic process" (p. 429).

The above provide a brief, crude, and rather extremely simplified summary of complex, articulate, detailed presentations and by no means do justice to the complexity of the arguments presented in the volume's individual chapters. One should certainly praise the mostly exceptional quality of scholarship contained in the majority of the chapters. The editors have successfully employed a big tent strategy and have been able to accommodate sufficient pluralism within their broad epistemological perspective to avoid the charge of extreme partisanship or conventional narrow-mindedness. In fact, it is difficult to generalize about a volume of such diverse approaches and distinctive foci of research. But it is evident that this volume is the product of great sophistication of theorizing and of sufficient diversity in the perspectives, methodologies, and voices heard. That is certainly the editors' main achievement.

Still, the apparent contradiction between evolutionary theory and critical theorizing is, I believe, sufficiently transparent to most academics. This seems to me an almost obligatory criticism when addressing the academic audience of *JWSR*. That is, for a fairly long period of time, critical perspectives – including world-system analysis itself – have taken pride in negating the evolutionary logic explored in this collection in favor of approaches that incorporate the potential of emancipation in the very fabric of their argumentation. Let me render this line of criticism more explicit: the volume's sophisticated model building easily degenerates into a flirtation with scientism – that is, the pretension of objectivity whereby conceptual, methodological, epistemological, and empirical conservative choices are legitimized via the advocacy of a supposedly value-neutral scientific method. To play devil's advocate for a moment, the volume's conceptual and epistemological repertoire (structuralism, system-building, simulations, formal theory, and mathematical modeling) consists of methodological choices far removed from hermeneutics, interpretation, and humanist approaches to the study of global social change. The epistemological, philosophical, and sociological perspectives that view culture and agency as foundational to our understanding of the world around us lie completely beyond the scope of the perspectives employed by this volume's contributors. Subsequently, while the volume will be undoubtedly convincing and definitely quite appealing to the converts of the contributors' epistemological persuasion, it is quite doubtful that non-believers will be converted or even remotely touched.

This remark brings forth the final and perhaps most paramount issue of concern.
To make a final judgment about the volume requires going beyond the specifics of the individual presentations and addressing the broader theme of the overall approach proposed and its value both for sociology as well as for the future of the world-systems research agenda. Let us not forget that for more than a decade world-systems analysis has seen its critical credentials progressively overtaken by more mainstream and rather conservative strategies of achieving academic legitimacy – such as the employment of evolutionary perspectives, the growth of quantification, the use of advanced mathematics, social forecasting, formal theory, and so on. To a degree, this trend registers the growing acceptance and routinization of this particular perspective within academia – something that is but the inevitable consequence of the progress of time or the "graying" of the world-systems perspective.

The issue, therefore, is rather different: Is the road traveled by the contributors and editors of this collection a promising window to a better tomorrow or is it a conceptual and

methodological dead-end? Needless to say, the answer lies inevitably in the eye of the beholder: Humanists and their opponents would provide radically conflicting evaluations and there is very little in this project that transcends this divide. Historically speaking, though, social forecasting, mathematical model building and simulations have been options that failed to gain sufficient acceptance – beyond small groups of devoted followers - among the social-scientific audience. If past experience offers a clue about our tomorrows, then, the conclusion one is compelled to draw is rather grim: that is, instead of exploring undiscovered territories of knowledge this volume registers a backward-looking trajectory straight into a labyrinth of dead-ends from sociology's tumultuous past.

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Knowles, Richard, Jon Shaw, and Iain Docherty. 2008. *Transport Geographies: Mobilities, Flows and Spaces*. Malden, MA and Oxford, UK: Blackwell Publishing. 293 Pages, ISBN 978-1-4051-5322-5 Cloth ($99.95) ISBN 978-1-4051-5323-2 Paper (#44.95).

This volume comprises an impressive collection of papers discussing the relationship between transportation and geography. Taken together, the fourteen articles in this book explicitly emphasize the crucial role that transportation plays in shaping the function and nature of spaces and places as well as the flows, interactions, and exchanges that occur between them. Each contribution is issue-based and presents an analytical treatment of the relationship between transportation and substantive phenomena, such as economic development, the environment, and social justice, or offers a discussion of the various mobilities and flows that occur within and between places, including the connections between cities, global air transport, and individual transportation patterns. This volume is both readable as well as informative, and the generally qualitative approach taken by the contributors makes it a welcome addition to the body of quantitative scholarship on transport geographies that already exists. Richard Knowles, Jon Shaw, and Iain Docherty have compiled a wealth of scholarship on transport geographies that reaches far beyond disciplinary boundaries to offer insights to students and scholars from a variety of disciplines, including economics, transportation studies, political science, urban planning, sociology, environmental studies, and engineering.

Knowles, Shaw, and Docherty have divided *Transport Geographies* into three sections. First, they present five chapters that lay out the fundamentals of transport geographies. The topics discussed in this section include transport geographies, economic development, the environment, social justice, and transportation governance, and ownership. Next, they offer seven papers focusing on the flows and spaces of transport geographies. Topics addressed in this part of the book include cities, rural transportation, regional transport, global air transport, international maritime freight movements, individual transportation patterns, and tourism, and leisure. Finally, they provide two chapters that focus on the future of transport geographies. The quantity and detail of the scholarship in this book is far too vast to be summarized at more than a cursory level

here. Instead, I will highlight the sections of this book that may be of particular relevance to sociologists, especially those who study urban and global phenomena.

Of special interest to scholars of global political economy is the treatment of global freight movements, especially including the discussion of the logistics industry presented in the section on international maritime freight movements (Chapter 10). If transportation, generally, has been sometimes overlooked by social scientists, then freight transportation seems to be an extreme case of this. Despite of the centrality of freight transportation to the daily lives of individuals around the world through the transportation of consumer goods as well as the key role that freight transport plays in systems of global trade, the movement of freight has not compelled much scholarly interest in the sociological press, though exceptions to this statement certainly exist. *Transport Geographies*, too, provides an important contribution to the social scientific study of freight movements through its detailed discussion of logistics in Chapter 10 as well as the emphasis on how transportation undergirds the post-Fordist production techniques that have emerged in recent decades (Chapter 2). The emergence of logistics and supply-chain management in the field of global trade and transportation has allowed the spatial dispersion of manufacturing around the world by making distance less and less of an issue through the availability of ever-more expedient methods of transport. The expansion and profitability of global trade and capitalism relies on the smooth functioning of these networks of global production – including the transportation components. The analysis of the movement of goods around the world presented by Knowles, Shaw, and Docherty is complete and leaves the reader with a detailed understanding of how different modes of transportation work together to facilitate the workings of global production and trade.

Urban sociologists will also enjoy the discussion of the social impacts of transportation flows. The third chapter of *Transport Geographies* specifically focuses on the environmental consequences of transportation and the fourth chapter considers the implications of transportation for social justice. Health, noise pollution, climate change, and land use effects are all environmental consequences of transportation systems that are sometimes managed through government regulation or through the effective planning of transportation systems to minimize these costs. Social justice concerns center upon questions of who has access to what kind of transportation systems and at what cost these are made available. People with low incomes, the elderly, the disabled, and those living outside of metropolitan areas tend to have more limited access to quality transportation, and the costs, such as environmental issues, tend to be borne disproportionately by communities of the poor, minorities, or other disadvantaged social groups. Clearly, transportation systems are not neutral, and Knowles, Shaw, and Docherty offer a nuanced answer to the question of "who benefits?" from transportation systems.

These are only a few of many exciting topics covered in this book that could enhance sociological research and teaching. For instance, the section on transport governance and ownership (Chapter 5) raises powerful questions about the role of the state in managing transportation systems and more generally about the role of the state in the economy. In spite of the deregulatory tendencies of recent decades, this section of the book makes a convincing case that a resurgence of state regulation of the transportation sector may be occurring in order to ensure the sustainability of transport systems so that mobility can continue to exist without causing immense environmental damage or other social consequences. The section of the book dedicated to transport directions to the future (Chapter 13) provides an interesting analysis of our current and potential future transport trends, answering such questions as "why do we travel, in

the ways that we do?" and "how is the information age redefining accessibility?" For those looking for a broad overview of modern transportation trends, this chapter provides this information in a clear and interesting way. Finally, sections of this book also discuss the impact of transportation on city life (Chapter 6) as well as inter-urban and regional transport (Chapter 8), which specifically attend to urban issues surrounding the transportation process.

The quality and wealth of scholarship collected by Knowles, Shaw, and Docherty makes it difficult to find weaknesses in *Transport Geography*. This book seeks to provide a broad-based and intriguing survey of the field of transport geographies and it meets this goal easily. However, the geographical focus of this volume is one limitation, as it mainly centers on transportation geographies in developed countries. Though a few parts of this book, including the section on transportation and economic development (Chapter 2), do mention transportation issues in the developing world, these discussions are few and far between. Other sections of this book, such as the section on transportation and social justice, could potentially benefit from an inclusion of issues in the developing world, especially how transportation is (or is not) used to diminish social exclusion and promote social integration in other parts of the world. However, the editors themselves note this criticism, and certainly no book can do everything. Though a more detailed and comprehensive analysis of transportation in the developing world seems to be a fruitful area for study, perhaps this is the subject for another book. The research brought together by Knowles, Shaw, and Docherty is nonetheless compelling, if primarily focused on developed countries.

One of the greatest strengths of this volume is its explicit focus on transportation, which as Knowles, Shaw, and Docherty correctly note, is a subject that has often been taken for granted within the social science disciplines. Shaw, Knowles, and Docherty, as the authors of Chapter 1, emphasize that transportation is often overlooked as an "ordinary" phenomenon, especially in developed countries, to which we turn our attention only when transportation systems experience hiccups or other impediments to their smooth functioning. However, this collection of research demonstrates the impact of transportation on economies (both national and global) and to social life at large, which are important reasons why transportation should be the subject of more social scientific research. The contributions in *Transport Geographies* offer a broad-based and comprehensive survey of transportation, including its modes, geographies, and its social and economic impacts, with descriptive analyses ranging from the individual experience of transportation to the more macro-level issues of global transportation and trade. As such, this collection of articles is a must-read for urban sociologists as well as those interested in the sociology of globalization. This book contains something for everyone and is suitable as a textbook for advanced undergraduate or graduate courses related to planning, geography, and urban sociology.

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Hanhimäki, Jussi M. 2008. *The United Nations: A Very Short Introduction*. New York: Oxford University Press. 184 Pages, ISBN 978-0-19-530437-4 Paper $11.95.

This "very short introduction" by Jussi M. Hanhimäki is number 199 in a series of similarly formatted books, for general readers, that provide overviews of their subjects within about 150 pages of illustrated text. Within such length restrictions, it is common for fairly complex subjects to be handled by presenting selected subtopics that are more amenable to concise narrative treatment. The United Nations is a topic that could be introduced through a political, historical, or organizational description of its activities, structure, and functions. Hanhimäki emphasizes a historical and organizational description, but includes some insightful commentary as the book proceeds.

The book provides a good general understanding of how the U.N. originated, how its major administrative branches are organized, the political basis for its operation, and the types of goals, services, operations, and functions it has attempted to handle over its first 63 years. The book may prove useful as a supplementary text in a history, political science, or sociology course, or as background information for related research topics. However, it is probably too selective in its choice of topics to be used as a primary text in specialized or advanced courses. Furthermore, the book contains informational discrepancies that make it less than ideal as an authoritative research reference. Although organized in a way that makes it quite readable, this readability occasionally comes at the expense of clarity.

Although the first chapter provides a historical framework, later chapters also offer overlapping chronological treatments of related topics, and a separate chronology section appears at the very back of the book. History-minded readers will want to keep track of the sequence of key events by flipping back and forth between various sections of the book, but the dates and details provided in these sections do not match neatly together. When did Boutros Boutros-Ghali become the U.N. secretary-general? The table on page 39 states that it was 1992, but according to the chronology on page 152, it was 1991. How many U.N. peacekeeping missions were authorized during the Cold War? Page 80 states that there were eighteen, but page 71 refers to only thirteen. Insufficient explanation or detail is provided in the text to allow the reader to resolve such discrepancies or to determine the kinds of misinterpretation they might have arisen from. If one seeks specific factual information, it therefore seems necessary to refer to other sources to double-check the information provided. Many problems involving dates only disagree by one year and can thus may merely be rooted in the different between an event's authorization and its actual implementation, but factual issues still remain, such as whether it was actually Mobutu Sese Seiko [sic] who headed a new government in Congo in 1964 (page 78) rather than Moise Tshombe.

It seems fair to say that although this is a problem, it is not so severe as to throw doubt on the credibility of Hanhimäki or his insights, nor to cause a reader to want to double-check every fact in the book. Readers who do not seek a general understanding and do not need to cite specific facts will find that the book is mostly informative and rewarding about its main subject. The lack of precise historical consistency is the primary weaknesses of the book, but this usually does not diminish the validity or effectiveness of the text in accomplishing its descriptive and explanatory goals. Despite their flaws, the book's chronologies are nevertheless usable to provide a general understanding of how the U.N. arose and became more successful than the prior League of Nations institution had been, how it was granted the authority to undertake various peacekeeping

missions, and how it developed numerous additional goals and services to promote human rights, economic development, and other progressive causes. Where Hanhimäki's book succeeds quite well is in its level-headed explanations about why various choices were or were not made, how the organization of the U.N. seems to make sense despite (or because of) its apparent inefficiencies, and why the U.N. and its affiliated sub-agencies have received large amounts of both praise and criticism over the years. The text illustrates very well how that some of these topics are not simple factual matters, but must be understood in terms of their associated complexities and controversies. Although the length restrictions on this series of books prevents extensive detail and comprehensiveness, a few telling examples are provided to suggest these deeper issues. Where a topic might at first seem to involve merely a dry collection of facts or administrative descriptions, there are many points where Hanhimäki's insightful observations provide useful guidance and direction for readers. Hanhimäki provides effective transitional passages at the end of most chapters, explaining how seemingly disparate topics are linked together and necessary for understanding this complex global institution.

The book seems designed to be read in its entirety, rather than allowing individual chapters to be read in isolation. Only then can its information be pieced together into a fairly satisfying whole. Some passages soar with insight, while others suffer from wording that feels clunky and ambiguous. It is unclear whether given dollar values are adjusted or unadjusted, and occasional variations in the wording of proper nouns create unnecessary ambiguity and confusion for the reader, who must consider whether these references refer to objects that are indeed the same, or similarly named yet distinct objects. A glossary of acronyms is provided toward the end, to assist with such matters, but that glossary, plus the chronology that precedes it, seems mismatched with the importance given to various agencies and events in the main text, leaving out the United Nations Emergency Force (UNEF) as well as various dates that the text suggested were of very great importance, while including various additional information not referenced in the text at all. Formatting problems with some of the book's charts sometimes pose additional challenges to readers, including a tiny font that barely fits within the resolution of the print. Endnote citations are given only for direct quotes, rather than factual content, providing the reader instead with a 4-page list for "Further reading." All of these drawbacks may be acceptable among general non-specialist readers, but would seem to discourage more advanced academic use of this volume. The quality of the final index appears to be good, however.

From a world-systems perspective, this book will provide a handy overview that includes consideration of such issues as whether and in what ways the U.N. might be considered a tool for superpower domination, the origins and effects of favoring its permanent Security Council member nations with veto power, and the potential for existing and developing U.N. agencies and capabilities to be used by less industrialized nations. Particularly interesting were descriptions of a "sixth veto" that could potentially allow a sufficient majority of nonpermanent members to block a resolution supported by all permanent members. Hanhimäki is clearly concerned with issues of international inequality, human rights, poverty, conflict, and the need to assist oppressed and displaced persons and groups. Calling the U.N. an "impossible hybrid," he seeks to explore how it has been, and may be, used as an agency for promoting conditions of peace, equity, and human rights, as well as a set of agencies that has also tolerated and maintained the global state of power and wealth inequalities. As with so many other institutions, its role is not simply a predictable one that can be presumed to favor the same set of hegemonic players, but instead

proves to be a complex and contested construction that is subject to changes that also allow traditional power relationships to be questioned and contested.

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Wolf, Martin. 2008. *Fixing Global Finance*. Baltimore: The Johns Hopkins University Press. 248 Pages, ISBN 9780801890482 Cloth ($24.95)

Martin Wolf's *Fixing Global Finance* is a useful contribution for those interested in the current global financial crisis as well as the evolution of global finance and its impact on the world-system more generally. Written before the extent of the sub-prime debacle had become generally known, the book focuses on the global imbalances of the early 20th century, which many (including Wolf) see as ultimately responsible for the US-centered financial implosion. Although the financial crisis has taken a different direction than that imagined by most economists writing in the mid-2000's – the debates with which Wolf is engaged – the book is an important reminder of the global macroeconomic issues which still remain in the background of the problems that have captured attention during 2009. In spite of the book's detailed reconstruction of the litany of financial ills that have characterized the era of financial globalization, Wolf differs from prominent economists such as Joseph Stiglitz and Jagdish Bhagwati, who have argued that financial (as distinct from trade) globalization should be tightly controlled. In contrast, Wolf argues that the benefits of global finance outweigh the risks and that the problems in the system can be fixed. These conclusions may strike many readers as unwarranted given the evidence presented in the book.

Wolf argues that the risks of global finance are inherent in the network of promises that make up the financial system, but nevertheless maintains that the putative benefits, including improved monitoring of companies, a more competitive financial sector, enhanced regulation, as well as improved access and reduced cost of capital, outweigh the risks. The principal risk is that of crisis. This is given detailed empirical treatment in chapter three, where Wolf lays out what has become the conventional wisdom among economists and policymakers on the emerging market crises of the 1990's, such as those the struck Mexico, East Asia, Russia and Argentina. Unlike some accounts which stress portfolio investment as the main variety of "hot money," Wolf emphasizes the propensity of bank credit to result in "sudden stops" or reversals of capital flows. Wolf places heavy emphasis on the role of currency mismatches (i.e. dollar-denominated debts that balloon in value during currency devaluations) and short-term debt in his account of these crises.

Chapter four, the core of the book, describes the evolution of the global financial system from the crises of the 1990's up till the eve of the sub-prime crisis. Wolf adheres to Federal Reserve Chairman Ben Bernanke's "global savings glut" hypothesis: that is, the argument that US current account deficits and accumulation of debt during the first decade of the twentieth century are largely caused by the excess of savings over investment in emerging markets, particularly China. In turn, he stresses that deliberate policy choices in these countries – particularly fixed

(and undervalued) exchange rates in the context of an export-led industrialization strategy – are in large degree responsible for these imbalances. In the wake of the exchange rate crises of the previous decade, developing country central banks have embarked on a program of massive foreign reserve accumulation in order to protect their exchange rates, with the resulting excess largely invested in US treasuries. Wolf downplays alternative interpretations of US current account deficits (and accompanying low real interest rates), such as what he calls the "money glut" view, which attributes global imbalances to excessive monetary expansion on the part of the Federal Reserve. Given that (as Wolf points out) the question of how to interpret US current account deficits is not just an academic debate but a geopolitical one – with US authorities favoring the "savings glut" view and Asian authorities favoring the "money glut" view – this issue surely deserves more attention than he gives it.

Chapter five –aptly titled "Calm before a Storm" – turns to the question of whether US current account deficits are sustainable in the long run. Here, Wolf joins a small chorus of economists who were arguing that the global economy was in an unsustainable state well before the sub-prime crisis erupted, though like most of these analysts, he saw problems at the global macroeconomic level while ignoring the asset bubble in the US financial system. In this sense, the issues Wolf highlights here have yet to play out on the global stage. The argument that deficits are unsustainable is simple: at current levels, the deficits will lead to a massive accumulation of claims on US assets. Wolf carefully considers alternative claims that deficits are, indeed, sustainable, convincingly rejecting this arguments. Some of his arguments here have only been strengthened by the subprime crisis, notably his rejection of the claim that the putative efficiency of the US financial system warrants the massive inflows of capital.

All of these issues lead to Wolf's fundamental argument that the global financial system can and should be resurrected by reforms in key countries (again China looms large) as well as at the global level. These issues are addressed in the final chapters. Wolf's proposed reforms are aimed at maintaining a liberal yet crisis-free global financial system in which the US no longer plays the role of "borrower and spender of last resort." Wolf first considers shifts in exchange rates between the US and Eurozone without accompanying change in policy among the Asian countries. But the key issue, he recognizes, is China's industrialization strategy. He argues that China is bumping up against the limits of export-led growth: excess capacity, rising inequality and slowing employment growth, environmental destruction, and the potential for a protectionist backlash in the US. Wolf thus prescribes increased Chinese public and private consumption in the form of investment in infrastructure, health and education, as well as exchange rate appreciation. Other suggested reforms include measures directed towards enabling developing countries to borrow in their own currency (thus mitigating the currency mismatch issue) and promoting domestic financial systems by encouraging investors such as pension funds and insurance companies. At the global level, Wolf advocates reform of the IMF and informal groups such as the G-7 and G-20.

The key remains that of the policies adopted by the Chinese state, and to a lesser extent those of other rising Asian powers. It is here that readers approaching this book from a world-systems perspective are likely to remain unconvinced that a liberal global financial order *can* be repaired (independently of their normative views on this question). If the fate of the financial system (and the global economy) rests on policies adopted by China, it is important to consider the political economy factors and strategic choices facing Chinese elites. Wolf fails to convince that it serves Chinese leaders' interests to change policy course in the direction he recommends

for two reasons. First, as noted above, Wolf does not sufficiently consider the fact that Asian authorities in general do not subscribe to the savings glut hypothesis and instead blame imbalances on the Federal Reserve's excessive monetary expansion. Given this differing underlying analysis, it seems less likely that Chinese (and other Asian) leaders will see a major change as necessary. Furthermore, the limits to export-led development identified by Wolf seem likewise to be unlikely to force Chinese leaders to switch developmental paths, particularly given the monumental growth rates of recent years. No rising hegemon has ever allowed environmental destruction and social inequality to stop its advance, and while excess capacity or a protectionist backlash in the US may be serious concerns, they have yet to materialize as a significant impediment to East Asian growth. What seems most likely is that Wolf's argument boils down to hoping that Chinese elites will adjust spending and exchange rate policies because it is "the right thing to do" from a global macroeconomic perspective. From a political economy perspective, this argument is unconvincing.

More broadly, it is fair to ask whether the book offers sufficient evidence in favor of its contention that the benefits of global finance outweigh the risks. Given the ample discussion of the crises of the 1990's and imbalances of the 2000's, as well as references to the subprime crisis which was still on the horizon as Wolf was writing, it is hard to find firm support for this conclusion in the book unless one is predisposed to accept it. Wolf's discussion of the putative benefits of global finance remains largely theoretical, whereas the risks are given sharp empirical treatment.

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