

This special issue of *JWSR* seeks to explore the history, present reality, and future implications of globalization. The papers published here were originally presented at the XIV World Congress of Sociology (July 26 - August 1, 1998, Montreal, Canada) in two sessions organized by Volker Bornschier and Christopher Chase-Dunn on "The Future of Globalization." They have been anonymously reviewed and revised for this issue.

While the notion of globalization has assumed wide currency in popular and academic circles, it is too often employed without having been clearly defined. Globalization has thus become a buzzword of sorts, whose use can, on occasion, obscure more than it reveals. Inadequate definition is rarely conducive to clear and insightful analysis, and indeed, common misconceptions about globalization persist.

There are three main ways that I believe that the papers in this issue may contribute to a resolution of these shortcomings in the discourse about globalization.

First, they should help us to construct a more precise and useful definition of the phenomenon we want to investigate. Along these lines, Leslie Sklair argues that the global must be analytically distinguished from the international—while the former refers to processes that transcend the nation-state, the latter concept continues to rely upon states as the unit of analysis.

Second, and related, several of these essays provide a critical, and much needed, historical perspective on current trends. Since globalization is generally discussed in reference to the present day, the concept left undefined is easily, and inaccurately, equated with what is taking place right now. This tendency reflects and contributes to the idea that globalization is a new or recent development. Systematic examinations by Arrighi and Chase-Dunn reveal, however, that globalization is not new, but has occurred (and

recurred) over a period of centuries. By comparing successive waves of globalization, the world-systems approach forces a more exact definition of the phenomenon and provides crucial insights into the dynamic of its development over time.

Third, some of the articles in this special issue contest the erroneous assumption that globalization refers only to the activities of elites. Indeed, those who mainly direct and carry out the changes commonly referred to as globalization are powerful economic and political actors, the transnational corporation being the prototypical example. Moreover, as is often noted, globalization tends to favor the interests of the powerful over the weak, of capital over labor, and of the core over the periphery. Nonetheless, there exist many examples of “globalization from below”: popular communication and organization across local and national boundaries that pose a challenge to the large organizations and institutions that control globalization from above. The articles by Moghadam, Bond, Markoff, Urry and Friedman provide examples of this.

Various dimensions or aspects of globalization have been identified, the most important of which are economic, political, and cultural. Economic globalization generally refers to expansion and intensification of international trade and investment; political globalization to the organization of transnational governmental and regulatory institutions and the diffusion of liberal political ideology and institutional forms; and cultural globalization, often but not always, to the spread of Western ideas and cultural practices.

The essays included here were not intended to provide a comprehensive review of all aspects of globalization. With the exceptions of Friedman, and to lesser extent Sklair, the authors emphasize economic and political over cultural globalization. Even despite this, important elements of political and economic globalization remain largely unexamined. To take one example, none of the papers focus on the emergence of global governance structures, which many would argue to be a crucial aspect of the globalization process.

Nonetheless, these papers cover a rather broad spectrum of approaches to the study of globalization. Many of them defy easy categorization, so I have not tried to impose much order, other than beginning with the most general. If there is a unifying characteristic to all the articles, it is the critical perspective they take on globalization and its consequences.

To start, Leslie Sklair reviews the literature on globalization and categorizes it into distinct tendencies, emphasizing the disparity between those who focus on the economic aspects of globalization and those whose primary concern lies in the realm of culture. He argues for the “global capitalism” approach as the most productive for theory and research on globalization.

Volker Bornschier discusses the strengths and weaknesses of global market society in the wake of far-reaching changes in its economic and political context, including the demise of state socialist societies and the spread of democratic institutions. He identifies environmental destruction, inequality among market participants, the continued coexistence of the market with undemocratic political forms, and the problem of expanding state coordination beyond the bounds of the nation-state as the key failures that must be corrected if the global market is to contribute to peace and expanded prosperity.

Chase-Dunn investigates the process of globalization from a world-systems perspective, finding that globalization has progressed differently in different arenas over the past century. Operationalizing trade and investment globalization, Chase-Dunn finds a cyclical pattern of economic globalization. A wave of economic integration at the end of the nineteenth century was followed by a reversion to national autarchy; another wave of integration began after World War II. The author hypothesizes that political and cultural globalization lag behind economic globalization, and discusses the need for political globalization of popular movements to counter the neoliberal globalization project.

Giovanni Arrighi points out that the present-day global market emerged only in the 1950s, under U.S. hegemony, and he compares it to the British-led global market of the late 19th century. In both cases, the globalization of commerce and trade was a product of the expansion of world production under a hegemonic power. Eventually, however, expansion leads to the overaccumulation of capital, and profitable outlets for investment in trade and production disappear. This creates rapid growth of speculative activity and the globalization of financial markets. Crisis in “rising centers,” such as East Asia today, is a natural consequence.

Gernot Köhler proposes global Keynesianism as an analytical perspective and political-economic program that would synthesize world-systems theory with left-Keynesianism and possibly serve as a corrective to some of

the ill effects of globalization. He argues for the central importance of the problem of demand—on a global level, structured inequality of access to money and purchasing power—to achieving development. The globalization of production, in which capital has sought out cheaper labor, and the globalization of finance, which has removed money from the “real economy,” have exacerbated the imbalance of supply and effective demand.

John Markoff discusses the challenge posed to democracy by globalization. He contends that despite the widespread adoption of formally democratic institutions and practices since the 1970s, substantive democratization is threatened by the shift in power away from states and toward transnational institutions that have remained largely impervious to popular oversight or control. Paradoxically, as government has democratized, the scope and effectiveness of government decision-making has contracted.

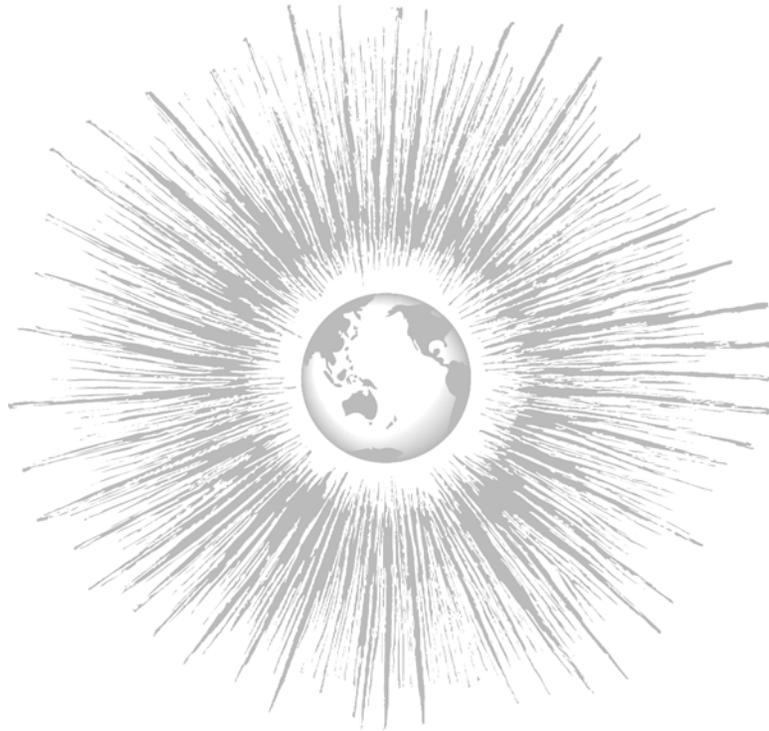
John Urry explores the question of whether (and if so, how) globalization is giving rise to new forms of global citizenship not based in the nation-state. For instance, as awareness of environmental risk has come to the fore, the inability of nations to unilaterally contain such risks within their borders has grown increasingly apparent. As a consequence, Urry asserts, a new notion of “ecological citizenship” has emerged that specifies rights and responsibilities independent of national membership.

Ranveig Gissinger and Nils Petter Gleditsch consider the impact of economic globalization on civil war and political instability. They find that in general a country’s trade openness is associated with domestic peace. Exports of agricultural products, however, tend to generate inequality, which can in turn generate instability. Direct foreign investment likewise contributes to inequality and political unrest. The consequences of globalization are thus mixed: openness appears to promote peace for wealthier countries, while undermining it for poor ones.

Valentine Moghadam addresses the complex and somewhat contradictory effects that globalization has had on women workers and feminist activism. The internationalization of production has drawn large numbers of women into the formal and informal labor force, providing them with new opportunities while subjecting them to new forms of exploitation. Meanwhile, the structural adjustment policies associated with global economic integration have disproportionately harmed women, especially poor women. In response to these developments, Moghadam asserts, women have orga-

nized around economic as well as exclusively gender-based issues, forming transnational feminist networks unprecedented in their size and numbers.

Jonathan Friedman examines the relationship between globalization and indigenous struggles. He argues that global integration and the decline of U.S. hegemony have given rise to a countervailing fragmentation of identity, which has contributed to the proliferation and heightened visibility of movements for indigenous rights. Finally, Patrick Bond critiques the financial aspects of globalization, asserting that unfettered flows of speculative capital have produced economic crisis in many areas of the world. He delineates the range of opposition to neoliberal orthodoxy, and concludes that the role of “New Social Movements” in countering financial globalization with “globalization of people” will be crucial in bringing about progressive change.



ABSTRACT

Globalization is a relatively new idea in the social sciences, although people who work in and write about the mass media, transnational corporations and international business have been using it for some time. The purpose of this paper is to critically review the ways in which sociologists and other social scientists use ideas of globalization and to evaluate the fruitfulness of these competing conceptions.

The central feature of the idea of globalization is that many contemporary problems cannot be adequately studied at the level of nation-states, that is, in terms of each country and its inter-national relations. Instead, they need to be conceptualized in terms of global processes. Some have even gone so far as to predict that global forces, by which they usually mean transnational corporations and other global economic institutions, global culture or globalizing belief systems/ideologies of various types, or a combination of all of these, are becoming so powerful that the continuing existence of the nation-state is in serious doubt. This is not a necessary consequence of most theories of globalization.

The argument of this paper is that much of the globalization literature is confused because not all those who use the term distinguish it clearly enough from internationalization, and some writers appear to use the two terms interchangeably. I argue that a clear distinction must be drawn between the inter-national and the global. The hyphen in inter-national is to distinguish (inadequate) conceptions of the 'global' founded on the existing even if changing system of nation-states, from (genuine) conceptions of the global based on the emergence of global processes and a global system of social relations not founded on national characteristics or nation-states. This global system theory is the framework for my own research.

Globalization studies can be categorized on the basis of four research clusters:

1. The world-systems approach;
2. The global culture approach;
3. The global society approach;
4. The global capitalism approach;

The body of the paper is an exposition and critique of these approaches. The paper argues that the global capitalism approach is most productive for theory and research in globalization and concludes with a brief discussion of resistances to globalization.

¹ This paper will be published in an extended form in Sklair (forthcoming).

INTRODUCTION

Globalization is a relatively new idea in the social sciences, although people who work in and write about the mass media, transnational corporations and international business have been using it for some time. Jacques Maisonrouge, the French-born former President of IBM World Trade, was an early exponent of the view that the future lies with global corporations who operate as if the world had no real borders rather than organizations tied to a particular country. The influential U.S. magazine, *Business Week* (14 May 1990) summed this view up in the evocative phrase: 'The Stateless Corporation'. The purpose of this paper is to critically review the ways in which sociologists and other social scientists use ideas of globalization and to evaluate the fruitfulness of these competing conceptions.

The central feature of the idea of globalization is that many contemporary problems cannot be adequately studied at the level of nation-states, that is, in terms of each country and its inter-national relations, but instead need to be seen in terms of global processes. Some globalists (for example, Ohmae, 1990) have even gone so far as to predict that global forces, by which they usually mean transnational corporations and other global economic institutions, global culture or globalizing belief systems/ideologies of various types, or a combination of all of these, are becoming so powerful that the continuing existence of the nation-state is in serious doubt. This is not a necessary consequence of most theories of globalization, though many argue that the significance of the nation-state is declining (even if the ideology of nationalism is still strong in some places).

There is no single agreed definition of globalization, indeed, some argue that its significance has been much exaggerated, but as the ever-increasing numbers of books and articles discussing different aspects of it suggest, it appears to be an idea whose time has come in sociology in particular and in the social sciences in general. The author of the first genuine textbook on globalization suggests that it may be 'the concept of the 1990s' (Waters, 1994, p.1; see also Robertson, 1992, Albrow, 1996).

The argument of this paper is that the central problem in understanding much of the globalization literature is that not all those who use the term distinguish it clearly enough from internationalization, and some writers appear to use the two terms interchangeably. I argue that a clear distinction must be drawn between the inter-national and the global. The hyphen in

inter-national is to signify confusing conceptions of globalization founded on the existing even if changing system of nation-states, while the global signifies the emergence of processes and a system of social relations not founded on the system of nation-states.

This difficulty is compounded by the fact that most theory and research in sociology is based on concepts of society that identify the unit of analysis with a particular country (for example, sociology of Britain, of Japan, of the USA, of Russia, of India, etc.), sub-systems within countries (British education, the Japanese economy, American culture, politics in Russia, religion in India) or comparisons between single countries and groups of them (modern Britain and traditional India, declining America and ascendent Japan, rich and poor countries, the West and the East). This general approach, usually called state-centrism, is still useful in many respects and there are clearly good reasons for it. Not the least of these is that most historical and contemporary sociological data sets have been collected on particular countries.² However, most globalization theorists argue that the nation-state is no longer the only important unit of analysis. Some even argue that the nation-state is now less important in some fundamental respects than other global forces; examples being the mass media and the corporations that own and control them, transnational corporations (some of which are richer than the majority of nation-states in the world today) and even social movements that spread ideas such as universal human rights, global environmental responsibility and the world-wide call for democracy and human dignity. Yearley (1995, chapter 1) identifies two main obstacles to making sociological sense of globalization, namely 'the tight connection between the discipline of sociology and the nation-state' (p.9) and the fact that countries differ significantly in their geographies. Despite these difficulties (really elaborations of the local-global problem which will be discussed below) he makes the telling point that a focus on the environment encourages us to 'work down to the global' from the universal, a necessary corrective to state-centrist conceptions which work up to the global from the nation-state or even, as we shall see from individualistic notions of 'global consciousness'.

² For some extremely interesting examples of cross-cultural data presented in forms that are not state-centrist, see United Nations Development Programme (1993).

The study of globalization in sociology revolves primarily around two main classes of phenomena which have become increasingly significant in the last few decades. These are the emergence of a globalized economy based on new systems of production, finance and consumption; and the idea of 'global culture'. While not all globalization researchers entirely accept the existence of a global economy or a global culture, most accept that local, national and regional economies are undergoing important changes as a result of processes of globalization even where there are limits to globalization (see, for example, Scott, ed. 1997).

Researchers on globalization have focused on two phenomena, increasingly significant in the last few decades:

- (i) the ways in which transnational corporations (TNC) have facilitated the globalization of capital and production (Dunning 1993, Barnett and Cavanagh 1994, Dicken 1998);
- (ii) transformations in the global scope of particular types of TNC, those who own and control the mass media, notably television channels and the transnational advertising agencies. This is often connected with the spread of particular patterns of consumption and a culture and ideology of consumerism at the global level (Featherstone 1991, Dowmunt 1993, Sklair 1995, Barker 1997).

The largest TNCs have assets and annual sales far in excess of the Gross National Products of most of the countries in the world. The World Bank annual publication *World Development Report* reports that in 1995 only about 70 countries out of a total of around 200 for which there is data, had GNPs of more than ten billion US dollars. By contrast, the *Fortune* Global 500 list of the biggest TNCs by turnover in 1995 reports that over 440 TNCs had annual sales greater than \$10 billion. Thus, in this important sense, such well-known names as General Motors, Shell, Toyota, Unilever, Volkswagen, Nestle, Sony, Pepsico, Coca Cola, Kodak, Xerox and the huge Japanese trading houses (and many other corporations most people have never heard of) have more economic power at their disposal than the majority of the countries in the world. These figures prove little in themselves, they simply indicate the *gigantism* of TNCs relative to most countries.

Not only have TNCs grown enormously in size in recent decades but their 'global reach' has expanded dramatically. Many companies, even from large rich countries, regularly earn a third or more of their revenues from

'foreign' sources (see Sklair 1998a). Not all *Fortune* Global 500 corporations are headquartered in the First World: some come from what was called the Third World or those parts of it known as the Newly Industrializing Countries (NICs).³ Examples of these are the 'national' oil companies of Brazil, India, Mexico, Taiwan and Venezuela (some owned by the state but most run like private corporations), banks in Brazil and China, an automobile company from Turkey, and the Korean manufacturing and trading conglomerates (*chaebol*), a few of which have attained global brand-name status (for example, Hyundai and Samsung).

Writers who are sceptical about economic globalization argue that the facts that most TNCs are legally domiciled in the USA, Japan and Europe and that they trade and invest mainly between themselves means that the world economy is still best analyzed in terms of national corporations and that the global economy is a myth (see, for example, Hirst and Thompson, 1996). But this deduction entirely ignores the well-established fact that an increasing number of corporations operating outside their 'home' countries see themselves as developing global strategies, as is obvious if we read their annual reports and other publications rather than focus exclusively on aggregate data on foreign investment.⁴ You cannot simply assume that all 'US', 'Japanese' and other 'national' TNCs somehow express a 'national interest'. They do not. They primarily express the interests of those who own and control them, even if historical patterns of TNC development have differed from place to place, country to country and region to region. Analysing globalization as a relatively recent phenomenon, originating from the 1960s, allows us to see more clearly the tensions between traditional 'national' patterns of TNC development and the new global corporate structures and dynamics. It is also important to realize that, even in state-centrist terms, a relatively small investment for a major TNC can result in a relatively large

³ On the NICs see Dicken (1998) and Sklair, ed. (1994).

⁴ All parts of all economies are clearly not equally globalized. However, there does appear to be increasing evidence that production and marketing processes within TNCs are being 'deterritorialized' from their 'home' countries into something like a new global system. This is a highly controversial issue in the study of TNC (see Sklair 1998a).

measure of economic presence in a small, poor country or a poor region or community in a larger and less poor country.

The second crucial phenomenon for globalization theorists is the global diffusion and increasingly concentrated ownership and control of the electronic mass media, particularly television (Barker, 1997). The number of TV sets per capita has grown so rapidly in Third World countries in recent years (from fewer than 10 per thousand population in 1970 to 60 per 1,000 in 1993, according to UNESCO) that many researchers argue that a 'globalizing effect' due to the mass media is taking place even in the Third World (Sussman and Lent 1991, Sklair 1995).

Ownership and control of television, including satellite and cable systems, and associated media like newspaper, magazine and book publishing, films, video, records, tapes, compact discs, and a wide variety of other marketing media, are concentrated in relatively few very large TNCs. The predominance of US-based corporations is being challenged by others based in Japan, Europe and Australia and even by 'Third World' corporations like the media empires of TV Globo, based in Brazil and Televisa, based in Mexico (Nordenstreng and Schiller, 1993).

MAIN APPROACHES TO GLOBALIZATION

As with other topics in sociology, there are several ways to categorize theory and research on globalization. One common approach is to compare mono-causal with multi-causal explanations of the phenomenon, as does McGrew (1992). This is a useful way of looking at the problem but it has two main drawbacks. First, it ends up by putting thinkers with entirely different types of explanations—for example those who see globalization as a consequence of the development of material-technological forces and those who see it as a consequence of ideological and/or cultural forces—in the same bag. Second, few thinkers present an entirely mono-causal explanation of anything; most of the thinkers McGrew identifies as mono-causal do try to show the relevance of a variety of factors even if they tend to prioritize some factors over others, while those he identifies as multi-causal do not always argue that everything causes everything else. Globalization, by its very nature, is a big and complex subject.

A second approach is to compare the disciplinary focus of globalization studies. This is certainly an interesting and fruitful avenue to explore: several

disciplines have made distinctive contributions to the study of globalization (to some extent all the social sciences have contributed to the debate, but anthropology, geography and international political economy in addition to sociology, can be singled out). These contributions are commonly borrowed by sociologists of globalization, and *vice versa*, and this will be reflected in my own categorization. I have chosen to categorize globalization studies on the basis of four research clusters in which groups of scholars are working on similar research problems, either in direct contact with each other or, more commonly, in rather indirect contact. Accordingly, I identify the following four sources of globalization research in contemporary sociology:

1. The world-systems approach;
2. The global culture approach;
3. The global society approach;
4. The global capitalism approach.

1. The World-Systems Approach

This approach is based on the distinction between core, semiperipheral and peripheral countries in terms of their changing roles in the international division of labour dominated by the capitalist world-system. World-systems as a model in social science research, inspired by the work of Immanuel Wallerstein, has been developed in a large and continually expanding body of literature since the 1970s (see Wallerstein 1979, and Shannon, 1989 for a good overview).

The world-systems approach is, unlike the others to be discussed, not only a collection of academic writings but also a highly institutionalized academic enterprise. It is based at the Braudel Center at SUNY Binghamton, supports various international joint academic ventures, and publishes the journal, *Review*. Though the work of world-systems theorists cannot be said to be fully a part of the globalization literature as such (see King, ed., 1990), the institutionalization of the world-systems approach undoubtedly prepared the ground for globalization in the social sciences.

In some senses, Wallerstein and his school could rightly claim to have been 'global' all along—after all, what could be more global than the 'world-system'? However, there is no specific concept of the 'global' in most world-systems literature. Reference to the 'global' comes mainly from critics and, significantly, can be traced to the long-standing problems that the world-

system model has had with 'cultural issues'. Wallerstein's essay on 'Culture as the Ideological Battleground of the Modern World-System', the critique by Boyne, and Wallerstein's attempt to rescue his position under the title of 'Culture is the World-System' (all in Featherstone, ed. 1990), illustrate the problem well.

Chase-Dunn, in his suggestively titled book *Global Formation* (1989), does try to take the argument a stage further by arguing for a dual logic approach to economy and polity. At the economic level, he argues, a global logic of the world-economy prevails whereas at the level of politics a state-centred logic of the world-system prevails. However, as the world-economy is basically still explicable only in terms of national economies (countries of the core, semiperiphery and periphery), Chase-Dunn's formulation largely reproduces the problems of Wallerstein's state-centrist analysis.

There is, therefore, no distinctively 'global' dimension in the world-systems model apart from the inter-national focus that it has always emphasized. Wallerstein himself rarely uses the word 'globalization'. For him, the *economics* of the model rests on the inter-national division of labour that distinguishes core, semiperiphery and periphery countries. The *politics* are mostly bound up with antisystemic movements and 'superpower struggles'. And the *cultural*, insofar as it is dealt with at all, covers debates about the 'national' and the 'universal' and the concept of 'civilization(s)' in the social sciences. Many critics are not convinced that the world-systems model, usually considered to be 'economistic' (that is, too locked into economic factors) can deal with cultural issues adequately. Wolff tellingly comments on the way in which the concept of 'culture' has been inserted into Wallerstein's world-system model: 'An economism which gallantly switches its attentions to the operations of culture is still economism' (in King ed., 1991, p.168). Wallerstein's attempts to theorize 'race', nationality and ethnicity in terms of what he refers to as different types of 'peoplehood' in the world-system (Wallerstein, 1991) might be seen as a move in the right direction, but few would argue that cultural factors are an important part of the analysis.

While it would be fair to say that there are various remarks and ideas that do try to take the world-systems model beyond state-centrism⁵, any

⁵ For example, research on the idea of commodity chains, networks of labour, production and marketing of goods, has shifted attention away from national economies to global forces, to some extent (see Gereffi in Sklair, ed. 1994, chapter 11).

conceptions of the global that world-system theorists have tend to be embedded in the world-economy based on the system of nation-states. The 'global' and the 'inter-national' are generally used interchangeably by world-systems theorists. This is certainly one possible use of 'global' but it seems quite superfluous, given that the idea of the 'inter-national' is so common in the social science literature. Whatever the fate of the world-systems approach, it is unlikely that ideas of globalization would have spread so quickly and deeply in sociology without the impetus it gave to looking at the whole world.

2. Global Culture Model

A second model of globalization derives specifically from research on the 'globalization of culture'. The global culture approach focuses on the problems that a homogenizing mass media-based culture poses for national identities. As we shall see below, this is complementary to, rather than in contradiction with, the global society approach, which focuses more on ideas of an emerging global consciousness and their implications for global community, governance and security.

This is well illustrated in the collection of articles in book-form from the journal *Theory, Culture and Society* (TCS) edited by Featherstone (1990) under the title *Global Culture*. TCS has brought together groups of like-minded theorists through the journal and conferences, which has resulted in an institutional framework and an intellectual critical mass for the development of a culturalist approach to globalization. Of the writers associated with TCS who have made notable contributions to this effort, Robertson who has been credited with introducing the term globalization into sociology (Waters 1995, p.2)-is probably the most influential.

Although these researchers cannot be identified as a school in the same way as world-system researchers can be, their works do constitute a relatively coherent whole. First, they tend to prioritize the cultural over the political and/or the economic. Second, there is a common interest in the question of how individual and/or national identity can survive in the face of an emerging 'global culture'.

A distinctive feature of this model is that it problematises the existence of 'global culture', as a reality, a possibility or a fantasy. This is based on the very rapid growth that has taken place over the last few decades in the

scale of the mass media of communication and the emergence of what Marshall McLuhan famously called 'the global village'. The basic idea is that the spread of the mass media, especially television, means that everyone in the world can be exposed to the same images, almost instantaneously. This, the argument goes, turns the whole world into a sort of 'global village'.

Of considerable interest to sociologists theorizing and researching globalization is the distinctive contribution of anthropologists to these debates. Friedman, a Swedish anthropologist, argues, for example, that: 'Ethnic and cultural fragmentation and modernist homogenization are not two arguments, two opposing views of what is happening in the world today, but two constitutive trends of global reality. The dualist centralized world of the double East-West hegemony is fragmenting, politically, and culturally, but the homogeneity of capitalism remains as intact and as systematic as ever' (in Featherstone 1990:311). While not all would agree either that capitalism remains intact and systematic or that it is, in fact, the framework of globalization, the fragmentation of 'the double East-West hegemony' is beyond doubt. Ideas such as hybridization and creolization have been proposed in the effort to try to conceptualize what happens when people and items from different (sometimes, but not always, dominant and subordinate) cultures interact.⁶

Some 'globalization of culture' theorists have also contributed to current debates on postmodernity in which transformations in the mass media and media representations of reality and so-called 'hyperreality' play a central role. Indicative of similar interests is a compilation of articles edited by Albrow and King (1990) which raised several central issues relevant to the ideas of global sociology, global society and globalization, as new problem areas in the social sciences. One important emphasis has been the 'globalization' of sociology itself as a discipline. This connects in some important ways with the debate about the integrity of national cultures in a globalizing world. While the classical sociological theorists, notably Marx, Weber and Durkheim, all tried to generalize about how societies changed and tried to

⁶ See Stuart Hall's chapter 6 in Hall et al. (1992). Also relevant here are Appadurai's five dimensions of global cultural flows: ethnoscapas, mediascapas, technoscapas, finanscapas,

establish some universal features of social organization, none of them saw the need to theorize on the global level. This connects in some important ways with the debate about the integrity of national cultures in a globalizing world, and particularly the influence of 'Western' economic, political, military and cultural forms on non-Western societies.

Globo-localism

A subset of the global culture approach, characterised as 'globo-localism', derives from a group of scholars from various countries and social science traditions whose main concern is to try to make sense of the multifaceted and enormously complex web of local-global relations. There is a good deal of overlap between this and the 'globalization of culture' model, but the globo-local researchers tend to emphasize the 'territorial' dimension.

This view has been actively developed within the International Sociological Association (ISA). The ISA 12th World Congress of Sociology in Madrid in the 1990 was organized around the theme 'Sociology for One World: Unity and Diversity'. Mlinar (ed., 1992) reports that 'the issue of globalization was readily accepted' and his edited volume of papers from the conference illustrates the variety of issues raised in Madrid. The 1994 ISA Congress in Bielefeld, Germany, continued the theme under the title: 'Contested Boundaries and Shifting Solidarities' and again discussions of globalization were quite prominently featured on the agenda, and the 1998 Conference in Montreal continues the trend. It is not surprising that globalization and territory attracted attention, for in the background to the 1990 and 1994 conferences the wars in the former Yugoslavia were raging (Mlinar himself is from Slovenia, formerly part of Yugoslavia) and, of course, the first shocks of the end of the communist state system were giving way to new territorial issues created by an explosive mix of local and global forces.

If Mlinar is a European progenitor of the globo-local model, then the American progenitor is Alger (1988) who developed the concept of the 'local-global nexus'. There is no single common theoretical position in the work of Mlinar, Alger and the others involved in this enterprise. What unites them is the urge to theorize and research questions of what happens to *territorial identities* (within and across countries) in a globalizing world. Thus, it is part of the more general global culture model, but with a distinct territorial focus.

The main research question for all these writers is the autonomy of local cultures in the face of an advancing 'global culture'. Competing claims of local cultures against the forces of 'globalization' have forced themselves onto the sociological, cultural and political agendas all over the world. This is largely continuous with the focus of the third globalization model, based on the idea of global society.

3. Global Society Models

Inspiration for this general conception of globalization is often located in the pictures of planet earth sent back by space explorers. A classic statement of this was the report of Apollo XIV astronaut Edgar Mitchell in 1971:

It was a beautiful, harmonious, peaceful-looking planet, blue with white clouds, and one that gave you a deep sense...of home, of being, of identity. It is what I prefer to call instant global consciousness.⁷

Had astronaut Mitchell penetrated a little through the clouds, he would also have seen horrific wars in Vietnam and other parts of Asia, bloody repression by various dictatorial regimes in Africa and Latin America, dead and maimed bodies as a result of sectarian terrorism in Britain and Ireland, as well as a terrible toll of human misery from hunger, disease, drug abuse and carnage on roads all round the world as automobile cultures intensified their own peculiar structures of globalization. Nevertheless, some leading globalization theorists, for example Giddens (1991) and Robertson (1992), do attribute great significance to ideas like 'global awareness' and 'planetary consciousness'.

Historically, global society theorists argue that the concept of world or global society has become a believable idea only in the modern age and, in particular, science, technology, industry and universal values are increasingly creating a twentieth century world that is different from any past age. The globalization literature is full of discussions of the decreasing power and significance of the nation-state and the increasing significance (if not actually

⁷This is quoted in many different places. My source is, significantly, from the back page of the 25th Anniversary Issue of *Earthmatters*, the magazine of Friends of the Earth, UK. The quote is superimposed on a very cloudy map of a rather polluted planet earth.

power) of supra-national and global institutions and systems of belief. Ideas of space-time distanciation (see Giddens, 1991) and of time-space compression (see Harvey, 1989) illustrate how processes of globalization compress, stretch and deepen space-time for people all over the world thus creating some of the conditions for a global society.

In his attempt to order the field of globalization studies, Spybey (1996) contrasts the view that 'modernity is inherently globalizing' (Giddens, 1991, p.63) with the view that globalization predates modernity (Robertson, 1992). While Spybey comes down in favour of Giddens thesis that globalization is best conceptualized as 'reflexive modernization', he is less clear about why these differences matter and, in the end, as with so many debates in the social sciences, the main protagonists seem to be saying more or less the same things in rather different languages. However, it is important to establish whether globalization is a new name for a relatively old phenomenon (which appears to be the argument of Robertson), or whether it is relatively new, a phenomenon of late modernity (the argument of Giddens) or whether it is very new and primarily a consequence of post-1960s capitalism (the argument of Sklair). Why does this matter? It matters because if we want to understand our own lives and the lives of those around us, in our families, communities, local regions, countries, supra-national regions and, ultimately how we relate to the global, then it is absolutely fundamental that we are clear about the extent to which the many different structures within which we live are the same in the most important respects as they have been or are different. Two critics, in their attempt to demonstrate that globalization is a myth because the global economy does not really exist, argue that there is 'no fundamental difference between the international submarine telegraph cable method of financial transactions [of the early twentieth century] and contemporary electronic systems (Hirst and Thompson, 1996, p.197). They are entirely mistaken. The fundamental difference is, precisely, in the way that the electronics revolution (a post-1960s phenomenon) has transformed the quantitative possibilities of transferring cash and money capital into qualitatively new forms of corporate and personal financing, entrepreneurship and, crucially, the system of credit on which the global culture and ideology of consumerism largely rests. Some globalization theorists argue forcefully that these phenomena are all new and fundamental for understanding not only what is happening in the rich countries, but in

social groups anywhere who have a part to play in this global system. In this sense the idea of a global society is a very provocative one but, while it is relatively easy to establish empirically the objective dimensions of globalization as they involve the large majority of the world's population, the idea of a global society based on subjective relationships to globalization, planetary consciousness and the like, is highly speculative.⁸

There appears to be, however, a real psychological need for many writers to believe in the possibilities of a global society (which I share).⁹ As McGrew (1992) shows, this theme is elaborated by scholars grappling with the apparent contradictions between globalization and local disruption and strife based on ethnic and other particularistic loyalties. It is in this type of approach that a growing appreciation of the ethical problems of globalization is particularly to be found. The reason for this is simple: now that humankind has the capacity to destroy itself through war and toxic accidents of various types, a democratic and just human society on the global level, however utopian, seems to be the best long-term guarantee of the continued survival of humanity (Held 1995).

4. Global Capitalism Model

A fourth model of globalization locates the dominant global forces in the structures of an ever-more globalizing capitalism (for example, Ross and Trachte 1990, Sklair 1995, McMichael 1996; see also Robinson 1996). While all of these writers and others who could be identified with this approach develop their own specific analyses of globalization, they all strive towards a concept of the 'global' that involves more than the relations between nation-states and state-centrist explanations of national economies competing against each other.

Ross and Trachte focus specifically on capitalism as a social system which is best analyzed on three levels, namely the level of the internal logic of the system (inspired by Marx and Adam Smith), the structural level of

⁸. I take this argument further in the section on 'Globalization in Everyday Life' in Sklair (forthcoming).

⁹. For example, Strauss and Falk argue 'For a Global People's Assembly' in the *International Herald Tribune*, (14 November 1997), a publication that advertises itself as the newspaper for global elites!

Table 1 – The Transnational Capitalist Class

TRANSNATIONAL PRACTICES	LEADING INSTITUTIONS	INTEGRATING AGENTS
economic sphere transnational capital; International capital; State capital	economic forces Global TNCs; World Bank, IMF, BIS; State TNCs	Global Business Elite
political sphere TNC executives, Globalizing bureaucrats, Politicians and professionals; regional blocs; Emerging transnational states	political forces Global business organization, Open- door agencies, WTO, Parties and lobbies; EU, NAFTA, ASEAN; UN, NGOs	Global Political Elite
culture-ideology sphere Consumerism; Transnational neo-liberalism	culture-ideology forces Shops, media; Think tanks, elite social movements	Global Cultural Elite

historical development and the level of the specific social formation, or society. They explain the deindustrialization of some of the heartland regions of capitalism and the transformations of what we still call the Third World in these terms and argue that the globalization of the capitalist system is deeply connected to the capitalist crises of the 1970s and after (oil price shocks, rising unemployment, and increasing insecurity as the rich countries experience problems in paying for their welfare states). This leads them to conclude that: 'We are only at the beginning of the global era' (Ross and Trachte, 1990, p.230).

Sklair proposes a more explicit model of the global system based on the concept of *transnational practices*, practices that originate with non-state actors and cross state borders. They are analytically distinguished in three spheres: economic, political and cultural-ideological. Each of these practices is primarily, but not exclusively, characterized by a major institution. The *transnational corporation* (TNC) is the most important institution for economic transnational practices; the *transnational capitalist class* (TCC) for political transnational practices; and the *culture-ideology of consumerism* for transnational cultural-ideological practices (Sklair 1995). The research agenda of this theory is concerned with how TNCs, transnational capitalist classes and the culture-ideology of consumerism operate to transform the world in terms of the global capitalist project.

In global system theory the TCC acts as a 'global ruling class'. While the empirical evidence to support this argument is as yet in a very embryonic phase, Table 1 suggests how the TCC fits into the global system in terms of its economic base, its leading institutions and its integrating agents.

The culture-ideology of consumerism prioritizes the exceptional place of consumption and consumerism in contemporary capitalism, increasing consumption expectations and aspirations without necessarily ensuring the income to buy. The extent to which economic and environmental constraints on the private accumulation of capital challenge the global capitalist project in general and its culture-ideology of consumerism in particular, is a central issue for global system theory (Sklair in Redclift and Benton 1994; see also Durning 1992).

McMichael (1996) focuses on the issue of Third World development and provides both theoretical and empirical support for the thesis that globalization is a qualitatively new phenomenon and not simply a quantitative expansion of older trends. He contrasts two periods. First, the 'Development Project' (late 1940s to early 1970s), when all countries tried to develop their national economies with the help of international development agencies and institutions. The second period he labels the 'Globalization Project' (1980s onwards), when development is pursued through attempts to integrate economies into a globalized world market, and the process is directed by a public-private coalition of 'Global Managers'. He explains:

As parts of national economies became embedded more deeply in global enterprise through commodity chains, they weakened as national units and strengthened the reach of the global economy. This situation was not unique to the 1980s, but the mechanisms of the debt regime institutionalized the power and authority of global management within states' very organization and procedures. This was the turning point in the story of development. (McMichael 1996, p.135)

This contribution to the debate is notable for its many telling empirical examples of the effects of globalization on Third World communities.

To these writers on globalization and capitalism we can add other Marxist and Marx-inspired scholars who see capitalism as a global system, but do not have any specific concepts of globalization. The most important of these is the geographer, David Harvey, whose Marxist analysis of modernity and postmodernity is significant for the attempt to build a bridge between the

debates around economic and cultural globalization (Harvey, 1989, especially chapter 15).

SUMMING-UP THE APPROACHES.

Each of the four approaches to globalization has its own distinctive strengths and weaknesses. The world-system model tends to be economistic (minimizing the importance of political and cultural factors), but as globalization is often interpreted in terms of economic actors and economic institutions, this does seem to be a realistic approach. The globalization of culture model, on the other hand, tends to be culturalist (minimizing economic factors), but as much of the criticism of globalization comes from those who focus on the negative effects of homogenizing mass media and marketing on local and indigenous cultures, the culturalist approach has many adherents. The world society model tends to be both optimistic and all-inclusive, an excellent combination for the production of world-views, but less satisfactory for social science research programmes. Finally, the global capitalism model, by prioritising the global capitalist system and paying less attention to other global forces, runs the risk of appearing one-sided. However, the question remains: how important is that 'one side' (global capitalism)?¹⁰

RESISTANCES TO GLOBALIZATION

Globalization is often seen in terms of impersonal forces wreaking havoc on the lives of ordinary and defenceless people and communities. It is not coincidental that interest in globalization over the last two decades has been accompanied by an upsurge in what has come to be known as New Social Movements (NSM) research (Ray 1993, Spybey 1996, chapter 7, Sklair 1998b). NSM theorists, despite their substantial differences, argue that the traditional response of the labour movement to global capitalism, based on class politics, has generally failed, and that a new analysis based on identity politics (of gender, sexuality, ethnicity, age, community, belief systems) is

¹⁰ Today, more or less every specialism in the social sciences has its 'globalization' perspective, for example, globalization of law, social welfare, crime, labour and politics. Among the most important substantive issues, widely discussed by globalization researchers inside and outside the four approaches outlined above, are global environmental change, gender and globalization, global cities and globalization and regionalization, discussed in Sklair (forthcoming).

necessary to mount effective resistance to sexism, racism, environmental damage, warmongering, capitalist exploitation and other forms of injustice.

The globalization of identity politics involves the establishment of global networks of people with similar identities and interests outside the control of international, state and local authorities. There is a substantial volume of research and documentation on such developments in the women's, peace and environmental movements, some of it in direct response to governmental initiatives (for example, alternative and NGO organization shadowing official United Nations and other conferences) but most theorists and activists tend to operate under the slogan: think global, act local (Ekins, 1992).

The main challenges to global capitalism in the economic sphere have also come from those who 'think global and act local'. This normally involves disrupting the capacity of TNCs and global financial institutions to accumulate private profits at the expense of their workforces, their consumers and the communities which are affected by their activities. An important part of economic globalization today is the increasing dispersal of the manufacturing process into many discrete phases carried out in many different places. Being no longer so dependent on the production of one factory and one workforce gives capital a distinct advantage, particularly against the strike weapon which once gave tremendous negative power to the working class. Global production chains can be disrupted by strategically planned stoppages, but these generally act more as inconveniences than as real weapons of labour against capital. The international division of labour and its corollary, the globalization of production, builds flexibility into the system so that not only can capital migrate anywhere in the world to find the cheapest reliable productive sources of labour but also few workforces can any longer decisively 'hold capital to ransom' by withdrawing their labour. At the level of the production process, globalizing capital has all but defeated labour. In this respect, the global organization of the TNCs and allied institutions like globalizing government agencies and the World Bank have, so far, proved too powerful for the local organization of labour and communities.

Nevertheless, the global capitalists, if we are to believe their own propaganda, are continuously beset by opposition, boycott, legal challenge and moral outrage from the consumers of their products and by disruptions from their workers. There are also many ways to be ambivalent or hostile

about global capitalism and cultures and ideologies of consumerism, some of which have been successfully exploited by the 'Green' movement (see Mander and Goldsmith, eds. 1996).

The issue of democracy is central to the advance of the forces of globalization and the practices and the prospects of social movements that oppose them, both local and global. The rule of law, freedom of association and expression, freely contested elections, as minimum conditions and however imperfectly sustained, are as necessary in the long run for mass market based global consumerist capitalism as they are for alternative social systems.¹¹

CONCLUSION

This account of the state of globalization studies to date has focused on what distinguishes global from inter-national forces, processes and institutions. It is almost exclusively based on the European and North American literature and it does not preclude the possibility of other and quite different conceptions of globalization being developed elsewhere. Despite the view, particularly evident in the accounts of 'global culture' theorists that globalization is more or less the same as Westernization or Americanization or McDonaldization (Ritzer, 1995), more and more critics are beginning to question this one-way traffic bias in the globalization literature. This critique is well-represented in the empirical cases and analytical points of those who are 'Interrogating Theories of the Global' (in King ed., 1991, chapter 6) and the work of African and Asian scholars represented in Albrow and King (eds. 1990), all of whom provide some necessary correctives to European-North American orthodoxies. These scholars, and others, are doing important research relevant for the study of globalization, and their work does not necessarily fit into the four approaches identified above. It is very likely that an introduction to globalization studies to be written ten years from now will reflect non-Western perspectives much more strongly. Nevertheless, although of quite recent vintage, it is undeniable that globalization

¹¹ I say in the long-run. In the short-term, authoritarian regimes can ignore demands for democratization and push forward consumerist market reforms. It is by no means obvious that everyone in the world prefers 'democracy' to 'economic prosperity', if that is the choice they are persuaded to accept.

as a theoretical issue and an object of research, is now firmly on the agenda of the social sciences.

REFERENCES

- (place of publication is London unless otherwise indicated)
- Albrow, M. (1996) *The Global Age*, Cambridge: Polity Press.
- Albrow, M. and King, E. eds. (1990) *Globalization, Knowledge and Society*, Sage.
- Alger, C. (1988) 'Perceiving, analysing and coping with the local-global nexus', *International Social Science Journal* 117, August: 321-40.
- Barker, Chris (1997) *Global Television*, Oxford: Blackwell.
- Barnet, R. and Cavanagh, J. (1994) *Global Dreams*, New York: Simon and Schuster.
- Chase-Dunn, C. *Global Formation*, Oxford: Blackwell, 1989.
- Dicken, P. (1998) *Global Shift: Transforming the World Economy Paul Chapman, third edition*.
- Downumt, T. ed. (1993) *Channels of Resistance: Global Television and Local Empowerment*, BFI/Channel Four.
- Dunning, J. (1993) *Multinational Enterprises and the Global Economy*, Wokingham: Addison-Wesley.
- Durning, A. (1992) How Much is Enough, *Earthscan*.
- Ekins, P. (1992) *A new world order: grassroots movements for global change*, Routledge.
- Featherstone, M. ed. (1990) *Global Culture: Nationalism, Globalization and Identity*, Sage.
- Giddens, A. (1991) *The Consequences of Modernity*, Cambridge: Polity Press.
- Hall, S., Held, D. and McGrew, T. eds. (1992) *Modernity and its Futures*, Cambridge: Polity Press.
- Harvey, D. (1989) *The Condition of Postmodernity*, Oxford: Basil Blackwell.
- Held, D. (1995) *Democracy and the Global Order*, Cambridge: Polity Press.
- Hirst, P. and Thompson, G. (1996) *Globalization in Question: The International Economy and the Possibilities of Governance*, Cambridge: Polity Press.
- King, A.D. ed. (1991) *Culture, Globalization and the World-System* Macmillan.
- Mander, Jerry and Goldsmith, Edward eds. (1996) *The Case against the Global Economy*, San Francisco: Sierra Club.
- McGrew, T. (1992) 'A Global Society?', in Hall et al. eds. cp. cit.
- McMichael, P. (1996) *Development and Social Change: A Global Perspective*, Thousand Oaks: Pine Forge Press.
- Mlinar, Z. ed. (1992) *Globalization and Territorial Identities*, Aldershot: Avebury.
- Nordenstreng, K. and Schiller, H. eds. *Beyond National Sovereignty: International Communications in the 1990s*, Norwood: Ablex.
- Redclift, M. and Benton, T. eds. (1994) *Social Theory and the Global Environment*, Routledge.
- Ritzer, G. (1995) *The McDonaldization of Society*, Thousand Oaks: Pine Forge, second edition.
- Robertson, R. (1992) *Globalization: Social Theory and Global Culture*, Sage.
- Robinson, William (1996) 'Globalisation: nine theses on our epoch', *Race and Class* 38 (2): 13-31.

- Ross, R. and Trachte, K. (1990) *Global Capitalism: The New Leviathan*, Albany, N.Y.: State University of New York Press.
- Scott, Alan ed. (1997) *The Limits of Globalization*, Routledge.
- Shannon, T. (1989) *An Introduction to the World-System Perspective*, Boulder: Westview.
- Sklair, L. (forthcoming) 'Globalization: New Approaches to Social Change', in S. Taylor, ed. *Contemporary Sociology*, MacMillan.
- Sklair, L. (1998a) 'Globalization and the Corporations: The case of the California Fortune Global 500' *International Journal of Urban and Regional Research* (June).
- Sklair, L. (1998b) 'Social movements and global capitalism' in F. Jameson and M. Miyoshi, eds. *Cultures of Globalization*, Durham, NC. Duke University Press.
- Sklair, L. (1995) *Sociology of the Global System*, Baltimore: Johns Hopkins UP, second edition (first ed. 1991).
- Sklair, L. ed. (1994b) *Capitalism and Development*, Routledge.
- Spybey, T. (1995) *Globalization and World Society*, Cambridge: Polity Press.
- Sussman, G. and Lent, J. eds. (1991) *Transnational Communications: Wiring the Third World*, Sage.
- United Nations Development Programme (1993) *Human Development Report 1993*, Oxford: Oxford University Press.
- Wallerstein, I. (1979) *The Capitalist World-Economy* Cambridge: Cambridge University Press.
- Wallerstein, I. (1991) 'The construction of peoplehood: racism, nationalism, ethnicity'. In E. Balibar and I. Wallerstein, eds. 'Race', *Nation, Class*, Verso.
- Waters, M. (1995) *Globalization*, Routledge, 1995.
- Yearley, S. (1996) *Sociology, Environmentalism, Globalization: Reinventing the Globe*, Sage.

THE CIVILIZATIONAL PROJECT AND ITS DISCONTENTS: TOWARD A VIABLE GLOBAL MARKET SOCIETY?*

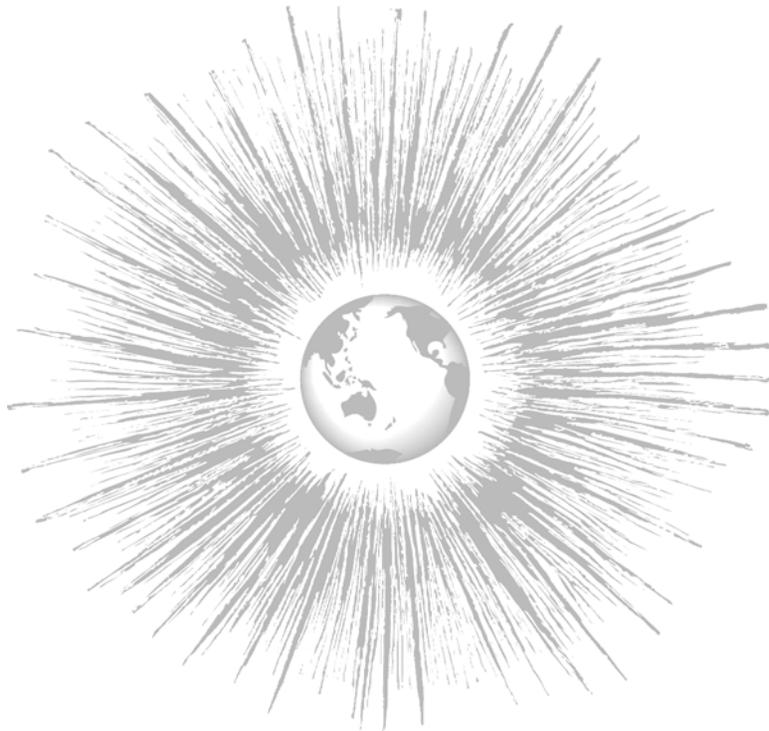
Volker Bornschier

PREFACE

I agree with the point of an anonymous reviewer arguing that a profound discussion on the prerequisites of a viable global market society has too many facets to be contained within the bounds of a single journal article. Yet, in order to enter the debate now we should not wait until book length treatments become available—often only after years. This is, therefore, an essay attempting to overview various conflicts and contradictions within the global social system. It synthesizes arguments developed in more detail elsewhere.

THE GLOBALIZATION OF MARKET SOCIETY

History has accelerated enormously since the 1980s; world society has changed so dramatically in various respects that references to the end of the postwar era now actually make sense. The historical turning point was 1989-91, when the competition between systems ended with the victory of capitalist market society over its biggest challenger since the industrial revolution, real existing socialism. Now that the historic rival has been driven from the field of battle, no other sociopolitically relevant alternative exists; capitalist market society is now the sole voice promising progress and the improvement of life circumstances. This type of contemporary diagnosis led to the problematic discussion of the “end of history.” In contrast, other inter-



* The copyright of this essay is held by the author. An earlier German version appeared in 1997 in the volume *Frieden machen*, edited by Dieter Senghaas (Frankfurt am Main: Suhrkamp, 1997). I would like to thank Richard Schaufli for his valuable help on this English edition of the essay and an anonymous reviewer for his or her thoughtful comments.

preters paint the frightening picture of intensified cultural conflict, which is supposed to replace the old East-West confrontation.

Since at least the time of the aforementioned historic change, the success of market society and the growing realization of the fragility of the global ecosystem are two phenomena that can be accurately referred to with the catchword “globalization.” With the disintegration of the state socialist counter-core, market society truly becomes hegemonic. The wave of democratization also contributes to the proliferation of the second key institution of the modern age, democracy, amplifying it to an extent never before achieved. However, we must ask whether globalization—understood as the spread of originally Western institutional practices to further parts of the globe—signifies progress for the civilizational project.

The fact that new ethnonational and religious fundamentalist movements—often interpreted as new “antimodern” movements—encompass large parts of the globe derives from reasons discernable by social science, reasons older than this historical turning point, but nonetheless connected to it. Socialism was not only the principal challenge to capitalism since industrialization, it also—and this may sound provocative—facilitated the path into the modern age: Marx’s theory of history could integrate anti-modernist currents because capitalism was regarded as a necessary way station on the road to communism. Class struggles were regarded as accelerators of the development of capitalist market society, a modern society whose imperfect form was to be finally surpassed by a classless communist society.

Thus, in the world society of the postwar era, the East-West contradiction also had integrating effects. Strategic groups in the periphery could connect their belief in modernization with anticapitalist and anti-imperialist positions. This was possible because socialism promised to overcome the imperfect form of the modern age; thus, both modernization and anticapitalism could be connected without contradiction. Contradictions between interests could be expressed in class terms in the Marxist sense without calling the modern age as such fully into question.

With the dissolution of real existing socialism at the beginning of the 1980s, and its subsequent collapse at the end of that decade, this linkage collapsed. As a result, ethnically and religiously constructed lines of demarcation between groups fighting for power have become even more important.

Whether they remain so in the long run depends on some issues that are important to discuss.

The ethnicization of the articulation of conflict seems therefore less a sign of the weakness of the modern age than its—yet incomplete—accomplishment, which is achieved through thrusts in certain phases. The anti-modern reactions against the contemporary thrust are so severe precisely because the modern does not even modernize itself, that is, it does not develop according to its own immanent principles. For the present moment, doubts may arise as to the contribution of the market society to the advance of the civilizational project. These are justifiable as long as market society does not succeed in broadening its basis of legitimation. The deficiencies of the present form of market society and the opportunity for their elimination and the expansion of its basis of legitimation—without which a peaceful future has little chance—is the focal point of the discussion in Section I. In the remainder of the essay we address known but also new sources of conflict that must be evaluated and taken into account in any discussion of the civilizational project. These include the structural change of the core, with which major threats to peace were connected in the past (Section II); the previous obstructions to, but also the new possibilities for, catch-up development (Section III); finally, we discuss new forms of conflict beyond the world of nation-states (Section IV).

I. A Broader Foundation for the Legitimation of Market Society

The question of whether market society—which up to now has hardly succeeded in establishing its merits outside the core, that is, the OECD countries—can find the resources to combat the global decline in prosperity and threats to the environment is an important question when we look toward the future.

The debate about what the market can and cannot achieve has been uninterrupted ever since it was initiated at the beginning of the last century upon the initial expansion of the liberal project. Economic liberalism and its market credo, which historically became quite effective, has also been characterized by markedly ideological phases. These phases have been characterized by the fact that particularist interests lie hidden behind the pretext of universalist justifications, and the question of justice has either not been posed broadly enough, or the answer to this question has not been provided

by mere operation of the market. The debate about what the market can and cannot achieve has been revived again following the problematic liberal fundamentalism of the 1980s. The economic doctrines that have been hegemonic since then place much greater trust in the self-regulating capacity of the market than the previously dominant doctrine of Keynesianism. However, this renaissance of the market necessitates a new reflection on how the basis of market society's legitimacy can be broadened, what the tasks of the state are, and how the interplay of market and states is to be regulated in world society.

In what follows, we suggest four forms of market failure in the spheres of economics and politics that should be addressed in any effort to broaden the foundation of market society. These include (1) environmental goods; (2) the point of departure for participants in the market; (3) the basic conditions of the market; and (4) the unregulated competition among governments. Without such an expansion, the civilization of world society will not take place.

I.1 – The Market and Securing the Fundamental Basis of Life

The environment itself sends out no market signals in form of prices and thus remains outside the calculations of market participants. The market is not a reflexive system that protects itself from its self-destructive consequences. Therefore, the actual and anticipated future costs for the avoidance of additional environmental damage and the elimination of existing environmental contamination must be introduced from outside the market itself. In this respect it is an aspect of security policy, because the achieved level of affluence is being endangered anew today. From the outset, the market as a creator of prosperity was the centerpiece of the legitimation of market society. In this regard, indisputable advances have also been achieved, last but not least in form of the increased democratization of affluence in mass consumption society, which admittedly is confined to the island of affluence of the OECD countries. For a long time, however, growing parts of the population have feared a loss of affluence for themselves and their descendants due to environmental pollution. The precise scope of these fears remains unknown. However, the absence of this knowledge is not decisive for a well-understood security policy; what is politically relevant is the insecurity itself.

The shift in thinking in the triangle of development, ecology, and market is a topic we have elaborated upon in other places. Here we shall make reference to the outcome of this long process. The concept of sustainable development represents a noteworthy rethinking of old ideas. Ecology and development converge toward sustainable development and are acted upon by the market economy, whose central measures consist of the internalization of environmental costs. In this way, the price of goods and services sends signals regarding their environmental compatibility. If ecological and economic objectives are no longer seen as contradictory opposites but rather coalesce in a synthesis that promotes harmony among members of society and between humankind and nature, then we are speaking of a revolution in economic doctrine that in this century has only one comparable antecedent—the Keynesian revolution. The latter was a pioneering effort at making social welfare, redistribution, and stable growth compatible, something that was beyond the realm of possibility according to the thinking of bourgeois economics at that time, but which nevertheless later programmatically unleashed the successful welfare state era of the highly developed world.

The new thinking on ecology and economics was not confined to Rio and international discourse. The White Paper of the European Union of 1993 acknowledges the new model and goes on to say that the scientific knowledge for a sustainable environmental policy has already been available for some time and only awaits its introduction within a new regulatory system for the economy. One reason for this is the fact that the ecological policy instruments of the market economy have not yet been seized by any interest group and are even less widely known among the broader population. In addition to transparency and credibility, new legislative measures under democratic conditions are needed, above all individual incentives for cooperation. For every business, as well as for every citizen, the immediate advantages must be sufficiently large. Furthermore, measures must address in a recognizable way the issue of prevention; environmental pollution is to be prevented through such measures, based on the principle that the party responsible is liable for the damages. Whoever damages the environment must bear the expense for their actions. In addition, these measures must be progressive; whoever limits environmental damages must be given further incentives to decrease the damages even more.

In the atmosphere created by the Rio conference, it became possible for the first time to link environmental and development policy objectives in a new and plausible model. In this way, the interest of the South in a global ecology policy can be awakened and the mistrust directed at proposals in this area that was prevalent in the 1970s can be overcome. Thus, a new moral basis for political demands regarding global redistribution became possible. The South's demand for redistribution, which had been legitimized in the 1970s by the historic condemnation of colonialization, found a new basis at the beginning of the 1990s. With the industrial development of the North, a large part of the common environmental capital has been exhausted, and therefore compensation for the South is only legitimate.

I.2 – Markets and Justice

Does a claim to social compensation exist outside of collective threats and the aforementioned political reason? Surely the rationale for a model of a socially and ecologically tenable market society is reasonable and just; however, it remains linked to a consensual evaluation of the global ecological threat. According to the dictates of political reason, the whole population must take part in the general social welfare, not simply those with large fortunes and those holding jobs. Otherwise, the resultant radical change would earlier or later spoil the happiness of the privileged. But, in order to raise the acceptance of the functional requirement to the level of an indisputable legal right a deep-seated rationale is required, one that follows logically from the construction of justice within market society itself.

Against the background of a bourgeois ethics that proceeds from the rights of the individual, in market society only those social differences that are created by the market are justified, that is, those that are based on individual differences in willingness and productivity. With the delegation of the majority of questions of distribution to the market that is typical for Western society, a weighty problem remains unsolved: the starting point for participants in the market is determined by factors other than the rationale of performance-based reward and optimal allocation of resources through the justice of the market. Here a question of justice arises precisely if, as is often the case, individuals encounter unequal starting points in terms of those resources upon which success in the market depends, and if this unequal opportunity is not based on individual choice and effort. Here

formal education and vocational qualification as well as rights of ownership are particularly important.

In Western society this problem is being addressed through compulsory schooling and its social magic of a zero hour—from which point on the progress of the students is only to be measured by their willingness and performance. The classic bourgeois justification of personal property as a natural right was delivered by John Locke, wherein he showed that work was the sole source and justification for personal property rights. The institution of inheritance as a source of property, through which approximately half of the property rights in Western society are actually acquired, stands in contrast to and outside a bourgeois rationale geared to individual performance, in so far as the latter requires equal opportunity at the starting point. However, a reformulation of the rationale of market society demands compensation for such unequal starting points on the basis of simple justice.

If market society is to be extended to the rest of the world, so that the latter can revive itself by means of this extension, compensation payments for unequal starting points must also be determined as a legal right, on which basis a social-liberal societal model can be erected. Such a legal right does not derive its rationale from disputable demands for redistribution, but rather from the framework of a bourgeois morality that requires the balancing out of unequal opportunities. In this way, the peacemaking project of a prudent world order based on balance contains a rationale that follows the logic of the construction of justice within market society.

I.3 – Not Only the Half Modern

The previous as well as the current decade were marked not only by upheavals but also by new beginnings. In the annals of world history this epoch will be recorded as the time that marked the democratic opening in the East and the South. This confirms the long ago overdue insight that democracy is not merely a supplement to prosperity but a complement of market society. Nevertheless, there are extremely important parts of the world in which autocratic political regimes not only defend but seek to justify themselves as unique paths to the modern age and reject demands for democracy and legal security (human rights) as interference of the Western core in the autonomous regulation of internal political affairs.

This half-modern society (market economy, yes; democratic constitutional state, no) remains an alien element within the rationale of the market society. It narrows the legitimating foundation of the latter and shapes such half-modern societal arrangements into a possible threat to peace.

Economic freedom and political freedom form a tandem; the fact that they initially began to evolve at the same time was not an historical accident. This necessarily parallel design does not justify itself simply as a superior, affluence-creating power, but much more as a peacemaking form for the management of freedom and equal opportunity. The rationale for this will be briefly outlined. The very fact of political regulation on which market society necessarily depends simultaneously facilitates and impairs the taking of economic chances by active individuals, even when the rules are minimal. Even if these rules were to be strictly the same for everyone, and arranged in the form of a law-based state—something we assume here—they restrict the leeway, and therefore the freedom, of individuals differently. This restriction is in no way just when viewed in the context of freedom. In order to make freedom of action and political regulation compatible, the political rule-setting process must be established according to the principles of equal opportunity and individual freedom of choice. In this way, each individual has in principle the same chance with his/her vote to introduce personal preference into the political will formation. This is why the market and political democracy are inseparable as institutional solutions. The fact that this was not always the case even in what became contemporary core societies does not contradict this point. The absolutist and undemocratic arrangements were not successful in the long term when compared to the democratic project.

Should we not tolerate compromises with respect to democratic development in the context of the immense task of catch-up development today? Even the well-meaning despot himself, who is oriented toward the common good—and whose existence we hypothetically assume for purposes of discussion—is in no way legitimized and is therefore a threat to peace. He behaves like a rule-making and allegedly all-knowing director of a planned economy—he is an economist, because his rules influence the economic process. Moreover, since in the real world he would encounter more than merely minimal regulations, his possible wrong decisions would not be rectifiable. To be sure, he will seek to defend his actions in terms of the collec-

tive welfare. However, in the context of the justice of the market, collective welfare is the result of decentralized decision-making. If this is true for the market, it must also be true for the institution that makes its rules. If, in the narrower sphere of the market, one bases the ultimate justification of legitimacy on autonomous individual decisions, so must it also be for rule-making, without which the market cannot exist.

A half-modern—that is, a market society in combination with centrally planned rule-making, a path that the political rulers in societies like China want to pursue—does not provide a foundation that contributes to peace, no matter how economically successful such a path may appear to be at its inception. Peace can only be achieved by closing the loopholes in the system of justice. Political democracy and the constitutional state can only be disregarded at the expense of growing internal conflicts. In the interconnected world, such a development threatens peace.

The argument in this section should not be interpreted as speaking against macroeconomic planning but only against planning that is not democratically legitimized. Here we arrive at another problem that results from the economically motivated competition between different state regulations, a problem that admittedly would not be solved even if all governments were democratically established and effectively controlled by a constitution based on the rule of law.

I.4 – Neither the Primacy of Economics nor the Supremacy of Politics

The peculiarity of the world political economy lies in the criss-crossing relations between the economic sphere and the different political spheres, that is, the states. This is a result of the fact that the world economy is transnational, and has been long before we began to use the term globalization, although certainly it has become more distinctively so over the last quarter century. The regulatory frameworks of the individual states and groups of states are prerequisites that at first facilitate the competition and direct it along certain paths. Production, trade, and finance transactions are not without social prerequisites: protection is required; property rights must be acknowledged; people must be motivated to engage in exchange. The order created and administered by the state is by no means an incidental factor of production, but just as basic as labor, knowledge, organization, financial resources and credit. Governments, which are regarded as political under-

takings, produce order as a public good and offer it to economic enterprises as well as citizens in the territory they rule. This is how governments influence the locational quality of their territory in the framework of the world economy.

States stand in a competitive relationship to each other not only in political-military terms, but, in the context of increasing economic globalization, also in terms of the “world market for social order.” This not only because capital and labor can move among states, but also because varying degrees of long-term economic success are associated with different forms of social order. As a rule, governments are sensitive to this world market for social order. In order to hold their own, they are forced again and again to produce the social and political preconditions for economic success. If they fail to do so, or do so only insufficiently, they can neither achieve nor maintain core status in world society.

In principle, this competition among governments is to be assessed positively, like all other forms of economic competition. Through it, the institutions that provide for a compromise between capital accumulation and supply of goods and services on the one hand and legitimacy and claims on the other are selected out.

From this point it follows that it is valid to reconsider and develop new rules for the relationship of the market and politics—on the global, regional, and local levels. It would be incorrect to assume, however, that thereby the political sphere could assume primacy. It is surely correct to say that that when we talk about an established, “mature” market and its institutions we are talking about phenomena that are politically created and socially embedded, and in the final analysis beyond economics. But in a decentralized world, the politically created institutional arrangements stand in a competitive relationship to each other; for this reason, it is not merely the political logic of economic action but likewise the economic logic of political action that comes into play. This very fact places certain demands on the political praxis of regulation.

However, if state action is now recognized as a relevant economic good, which in a world of multiple states is subject to market forces because it is offered under conditions of competition, then likewise the basic condition of equal opportunity applies to this as well as every other market. Thus, unfair competition and dumping must be prevented; otherwise market

failure occurs. This can be prevented by models of order for locational competition that link competition and cooperation. The tools for this are already known in principle and have been practiced for years in embryonic form in the interstate system—in the form of international agreements or so-called international regimes. The existing regimes and agreements have not yet grown to reflect the political consequences of globalization, however. In practice they produce no public goods for the world, because not all states are tied into the treaties. Even more important, up to now they have been restricted to single issues, resulting in conflicting aims and lack of effective links (e.g., trade and the environment). In the framework of world society, tied regimes that link political regulation with compensation to reversing the growing cleavage in well-being and promoting ecologically sustainable development are therefore both thinkable and desirable.

At the regional level, the European Union represents a more effectively positioned cooperation between nation-states, insofar as it goes far beyond a series of linked regimes. How is the remarkable new beginning of Europe to be classified? On the one hand, this exclusive regional cooperation infringes on laws against discrimination, for which the requisite international regulations now have to suffice. On the other hand, Europe has headed down an innovative path, and one that could serve as a model for the world. With this comment we now depart from our general treatment of aspects of market failure that must first be resolved to provide for peaceful resolution of conflict in the global market society, and move on to the transition of the core, which history teaches us has been ripe with conflict.

II. – Structural Changes in the Core

II.1 – Europe’s Path to the European Union

Globalization and a tighter closing of ranks by the European states are only contradictory at first glance. The first implies a shift in power between the state and the economy in favor of the transnational economy, to which regional integration is an answer, a new deployment of an old weapon by the states. We have already spoken to important processes in this context. In the political world economy, first economic enterprises, and then states compete with one another. On the other hand, economic enterprises and states are dependent on each other. The supply of state-based order as a locational condition and the demand on the part of economic enterprises

for the same must be united in practice. Here, negotiations are the typical form of exchange. As we have indicated elsewhere, the qualitative change of Western European integration in the first half of the 1980s was the result of one such round of negotiations.

The middle of the 1980s, during which the Single European Act accelerated the integration of Western Europe leapwise in the direction of political union—a process that took place after years of Eurosclerosis and which in its impact was only dimly perceived by most observers at the time—is readily explained: in the context of the fading lustre of the United States, the hegemon of the postwar era, and the continued economic ascent of Japan, the path toward political union represents Europe's attempt to remain a player in the post-hegemonic round of competition. This is something that is not necessary to account for here in detail, as there are unambiguous indications of it in the official documents of the then Community. As early as 1982, one such document, in an argument repeated by the Commission in various forms, stated what is important: giving European businesses the certainty “that their activities will be able to develop in an economic unit similar in size to the American market and distinctly bigger than the Japanese market” (communication of the Commission to the Council).

With respect to the aforementioned desirable cooperation, which clearly must be aimed at a non-discriminatory framework, Western Europe's path to political union is not without problems. To be sure, the national orders of the fifteen member countries have been placed within a common framework that, however, erects a stronger border against the rest. This very fact is not altered by the itself defensive character of the integration impulse. In the words of Jacques Delors, the chief architect of the political character of integration, integration was about “rescuing Europe's future glory.” In the same vein, at the beginning of the 1990s he urged that “the political project must move quickly, otherwise Europe will become an archaeological excavation site, where Americans and Japanese will come to look for lost modes of thought and lifestyles.”

With the formation of the political union, the European state, which was the model for the world, departs from the national framework it originally helped to create. Concealed behind this move lies an innovation that could serve as a model for the world, and one that should not be underestimated. Since the first half of the 1980s, Western European integration

moved toward the “outline” of a new type of state, one that represents an advance over the long and often strife-ridden European statebuilding. In contrast to the early history of the modern state (which was based on military expansion), here for the first time a large and economically potent structure was established through a “contract of association.” This entity is a legal and economic community in which no member seeks to deprive any other of its cultural particularities. It is this characteristic, which is also reflected in the content of the social contract (which in fact is still being worked out) that holds the promise of a possible model for world society: the project is multinational and signals the end of the nation-state as the sole organization framework for social order. Indeed, it is reconciling the different manifestations of nationalism and liberalism in a multilevel system of governance. Moreover, the goal is convergence to limit prosperity differences among member states through supranational political regulation.

II.2 – The Stabilization of World Peace without a New Hegemon

To be sure, Western Europe's path to the Union is not only an innovation but also a geopolitical event that alters the constellation of power in the core, that is, the OECD countries. Only now, and after the elimination of the Soviet Union, is it possible to speak of a triad of comparably potent protagonists on the world stage: the USA, Japan, and Europe. However, according to cyclical interpretations of history, this would only represent a transitional stage in the competition for a new hegemonic leader.

The relative decline of US hegemony and the invigorated competition among the triad, forces which originally provided the impulse toward unification and to which the union itself now contributes, raises many questions about the prospects for world peace. Until now, in the opinion of several researchers, structural change at the international level has always been cyclical and has taken the form of the rise and fall of hegemons, a process in which competition is considered especially threatening to world peace.

In this sense, many contemporaries ask, “Which member of the triad will win the race, that is, who becomes the next hegemon?” This question steers our thinking in the wrong direction, however. To be sure, at two points in the nineteenth and twentieth centuries hegemonic states were decisive in terms of the enforcement of a new hegemonic social praxis. These two cases, the English hegemony in the nineteenth century and the American after 1945,

owe themselves to particular historic and systemic alignments of forces in the then core, conditions that are hardly likely to be repeated. According to cyclical theories, a necessary prerequisite for hegemony or world leadership is a very unequal distribution of resources among the competing states or groups of states. Three principal doubts arise with regard to the likelihood that such an unequal distribution will occur in foreseeable future:

- (1) On the basis of past experiences one could argue that world war precipitated by hegemonic decline represents a mechanism which, through victory as well as defeat, could create again in the future very unequal strength among the powers in the core. Such a consideration misjudges the fact that systemic conditions have fundamentally changed. Today, all of the core powers engaged in economic competition are democracies. This is a completely new condition for the beginning of a new societal model. It is an observed regularity, or even perhaps a law of social science with no known exceptions, that democracies don't conduct war against each other;
- (2) In the past, economic advantages could accumulate for a longer time in one society due to its superior social order, and could thereby produce considerable economic disequilibrium. This will hardly reoccur in the future due to globalization and democratization. Today societies learn very quickly from each other, because the competition between social orders is played out much more quickly, and successful arrangements in one country are copied or adapted more quickly by other countries;
- (3) Earlier, the balance of power was an important means for setting limits on the ambitions of any one power to dominate others. In future, this mechanism will become even more effective. Western Europe's innovation within the triad consists of the fact that state power was organized by the fusion of different national states. As a result, Western Europe has risen to a stature of serious proportions in the triad and simultaneously effected a certain balance of the distribution of power in the OECD world.

Democratic market society, which for the first time reached truly global hegemony after the breakdown of the Soviet empire, will therefore not produce a new hegemon like Britain in the nineteenth century and the United States in the middle of the twentieth century. The rivalries within the

OECD world will not in fact vanish, but will be conducted on the economic terrain, and thus, formally speaking, in a peaceful manner. Whether or not this direction holds true for the entire world depends on the opportunities for catch-up development, which we address next.

III. Beyond the Core

III.1 – Structural Changes in the Context of Catch-up Industrialization

The revitalization of market society at the end of the East-West divide and the power shifts in the core have captivated contemporary observers until now. Structural changes in the system of development that have gradually developed in the postwar era likewise require reconsideration. Three challenging phenomena must be mentioned in this regard: (1) the continued marginalization of most of what was once referred to as the "Third World"; (2) the retrogressive development of the "Fourth World"; and (3) the ascending parts of the semiperiphery, from which already at least two states (South Korea—despite the present crisis, and Taiwan) have prepared to take on characteristics of core societies. In contrast to such exceptions, the majority of societies experienced the fate foretold decades ago by dependency theorists, even if the most dependent of them were not necessarily the worst cases.

How can stagnation, in most cases, and developmental dynamism in others be explained? Restrictions on the aforementioned competition of governments, through which the institutions that best mediate capital accumulation and the supply of goods along with legitimacy and claims are selected out, can provide an explanation. We can only touch lightly on the reasons why this mechanism, which obviously brought about the historic success of OECD capitalism characterized by the reciprocal linkage of capital and state as well as social balance in the core, did not for the most part function outside this domain. Rents from raw materials, from the exploitation of the East-West conflicts, and from compassion ("development aid" delivered into the hands of elites) permitted the power holders outside the core to remain a privileged and unproductive state class blocking the way towards catching up developmentally.

The hitherto exceptional success in late industrializing—the raw material deficient semiperiphery—shows that such roadblocks to development were absent: thus, important components of the dependency model were

lacking. Yet, examples of successful late industrialization have remained exceptions in the postwar era as the dependency model predicted. In the future there are likely to be more positive cases, however, due to systemic change: the end of the East-West divide spells the cessation of rents drawn from threats to shift alliance. The new technological style leads into an information economy, one that reduces the strategic value of raw materials. The connected, intensified level of globalization leads to more competition for industry locations, areas whose competitive qualities must first be politically and socially created with corresponding institutional arrangements.

III.2 – *The Westernization of the World and Cultural Heritage*

In the future, when previous obstacles to development may become less relevant, two questions will become interesting: (1) Will the “West” remain western? (2) What consequences does competition have for the relationship between core culture and dissimilar cultures?

The cultural heritage of the Atlantic West has stamped the institutions that today undisputedly determine core status: the market in combination with measures of social balance, the law-based state with a political separation of powers and legal opposition, economic enterprises, and a credentialing system. That functionally equivalent, or even competitively superior, designs of the specifics of such central institutions are possible is demonstrated by the examples of successful catch-up industrialization, for which Japan after the postwar era was a model. In the Japanese case, cultural heritage was also important for successful catch-up industrialization. Along with a model of efficiency that relies less on individualism and more on groups, the following is also important: administrative and political elites that are not parasitic, but rather committed to the collective welfare and basic equality. For decades, these elites successfully guided capitalism with strategic planning that in fact did not hinder, but rather inspired. They are to be found in various countries in Asia, but are missing in Africa. Up to now, the majority of the Latin American countries have suffered from corruption and a perverse legacy of Western culture. After a decline that has thrown these countries back below previously attained levels of development, some now show signs of a hesitant resumption of the path to development.

Cultural heritage, which shapes modern institutions, can be a competitive factor that helps determine success and failure. When combined

with modern institutions, it can achieve functionally equivalent—or even better—results than those rooted in the Atlantic West. For this reason, traditional modernization theory must be overhauled, and we can expect that in the future, core society will include more societies that do not belong to the Atlantic West.

Cultural heritage can also be a source of weakness for some societies in the competitive world-system, resulting in stagnation or even retrograde development. Even if we assume that competition will not have a culturally homogenizing effect, cultural elements that are not compatible with modern institutions will be pushed to the margins of world society. This fact can strengthen the ethnolnational and religious fundamentalist movements we mentioned at the beginning of our analysis. And therein lies a source of conflict for numerous societies, one that will not disappear any time soon. The expansion of such conflicts and the threat to world peace that they represent will be exorcized, however, if and only if market society succeeds in reforming itself, and thereby creates an integrative, modernized modern age that becomes attractive to most inhabitants of the earth.

IV. Beyond the World of States: Thinking Globally and Acting Globally

In response to globalization, we can recognize in the emerging formation not only new forms of the state but also the seeds of world civil society, which signify the transformation of global politics and are brought to life by the contradictions between political interests among transnational actors. In this way, politics becomes more complicated. Two very important transnational actors—economic enterprises and social movements—will be briefly discussed in the sections that follow.

IV.1 – *Transnational Enterprises*

The world-economic downswing since the late 1960s provided the impetus to extend the system of the transnational economy. In the mid-1990s, the system of the transnational economy consisted of about 45,000 headquarter firms that together controlled more than 280,000 subsidiaries abroad. A comparison with the circumstances of the second half of the 1960s makes the enormous increase clear. The globalization of capital natu-

rally also had wider social consequences, in so far as it facilitated the tremendous growth of the group of the transnationally oriented professionals. In the transnational economy, the number of managers, lawyers, auditors, consultants—expanded to include design professionals (film, television, music, architecture and advertising)—has now risen into the millions.

A group of transnational protagonists that was still underrated until recently, one that thinks and acts globally like the transnational enterprises, has emerged from quite a different mold. Just like its established transnational counterparts, its prototypes and early manifestations of political opposition, protest, and civil disobedience can be found as early as the nineteenth century.

IV.2 – Transnational Social Movements and Civil Disobedience

It is not the optimization of economic rationality, but rather supralegal legitimation on the basis of human rights, that serves as the reference point for the political practice of civil disobedience. The Enlightenment is its deepest historical root; the bourgeois revolutions, as well as the central institutions of the modern age they brought into existence over a long period of time, owe their existence to civil disobedience. This has been made manifest in oppositional movements, in the representation of vital interests, and in the fight for recognition, to mention but a few examples.

According to the philosophy of natural rights, the individual, as the inalienable source of sovereignty, has a right to resist. The exercise of this right is not superseded by the social contract in instances in which appeal can be made to a supralegal moral value to which the state as agent of the social contract also remains bound. This is true not only in cases in which the contract can be improved by selective violation of laws, which are often subsequently rescinded in the name of progress, but precisely also in cases in which the contract is heretofore deficient, namely in global matters. In such situations, the practice of political opposition, protest, and civil disobedience has developed to become a social force beyond the market and the state. The partial violation of positive rights and the disruption of the everyday routines of social and political life (a process seen by many conformists as tiresome) are certainly only justified if the protagonists can plausibly appeal to human rights and the interests of humanity for support.

The transnational social movements are not the product of economic, but rather cultural, globalization, initiated by the expansion of education and changes in values. Since the anti-authoritarian student protests of the 1960s, Western society has experienced an impulse toward the revolutionary modernization of its culture. Ascribed characteristics and group membership increasingly retreated in the face of a radical demand for the realization of the rights of the modern age. Freedom and self-realization, as well as the project of the individualization, were required. However, through this individualization, the way was cleared for seeing that which connects individuals in the end: the interests of humanity and a community of the human species. Thus, a wide array of social movements arose that not only transformed national politics; these transnational social movements grew to large numbers, and a critical “transnational civil society” established itself, one that began to introduce its concerns into world politics with some success.

Through their individual and collective actions, the protagonists of the transnational movements call for global responsibility for our common future and help build a bridge between the local and the global. Even if reform-oriented enterprises have begun to recognize a responsibility for solidarity with the whole world—at the Davos world economic forum in 1995 one repeatedly heard the phrase, “simply maximizing profits is not sufficient for the twenty-first century”—the transnational citizens movement is not coopted by this process. Like social movements in general, it is simultaneously characterized by its educational and oppositional character.

IV.3 – Transnational Actors and the Transformation of Politics

Transnational movements have gained stature and since the 1980s have gone all out: with the questions that they put on the agenda of the world public, they place the entire planet squarely in view and challenge previous approaches to its problems. In the process they also strive for democratization and civilization and have as a model a global society of many options in a creative, polycentric world. Through their ability, proven in the practice, to not only address problems, but also to put oppositional points of view on the global agenda, they open a wide field for societal learning and set the course for the future.

But the transnational citizen movements have become more than just signposts for the future. They are at the same time builders of a new institutional network for the rebuilding of society. They have assumed this position because they speak on behalf of the powerless; in addition to spectacular unconventional actions they rely on reason based on scientific expertise. These movements help to defend the dreams of the good life from the logic of conventional economic and political power. It is possible that they could grow into the role of a federation of world political parties and become a necessary counterweight to the transnational economy and the egoism of nation-states. The confrontation between a global enterprise, Shell Oil, and a transnational movement, Greenpeace, over the safe and environmentally sound disposal of the decommissioned North Sea oil platform Brent Spar, which escalated in 1995, is an example of the transformation of politics, and a sign of what is to come.

SUMMARY AND CONCLUDING REMARKS

As talk turns toward reevaluating the market as the solution for today's problems, market society needs to be reconstructed on a broader legitimating foundation—in order that the world can recover by means of it. Today, security policy that takes into account the common environment should also be incorporated within the framework of market logic, so that market efficiency in the end doesn't undermine the basis of life for all, including the most rational actors operating in conditions of perfect competition. Peace cannot be achieved without sharing. But no one gives up that to which s/he believes s/he alone is supposed to have a claim. A certain balance of initially unequal starting points is a demand for justice that is rooted in market justice, however. Equal opportunity as a central demand of market justice is also a demand for democratization; in this respect, throughout the world and especially in the core itself we have not reached the end of history. The aforementioned difficult relationship of market and politics should be regulated through an amalgamation of competition and cooperation. In our opinion, this coordination should facilitate the competition of state regulations and thereby produce, as is normally the case with innovations, pioneers, advantages, and thus incentives. Methods of unbridled competition must be prohibited through binding international social and ecological standards. Naturally, diverse egoistic interests are opposed to such a move.

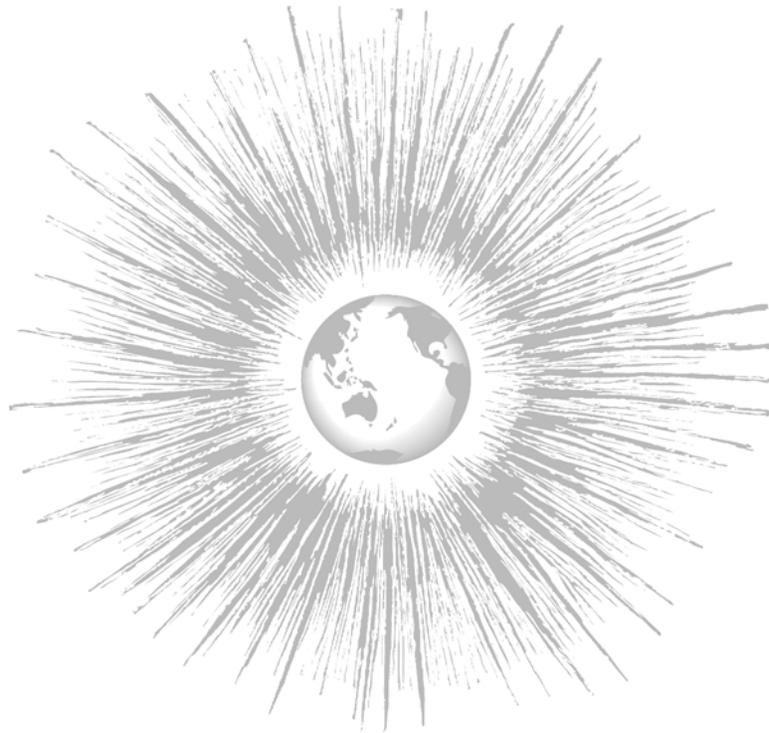
In fairness, we must at the same time concede that our ideas about networking individual international regimes and embedding them in a global organization that would supervise them are not fully developed.

All the issues that we have addressed raise questions of constitutionality. The fact that these issues must be tackled in a global framework makes the task that much more difficult. However, in this century the world has already been confronted with a comparable challenge. Fifty years ago, the founding of the United Nations after World War II represented a new beginning and an improvement in comparison to the late Thirties and early Forties—although such is the way we always judge our successes in retrospect. Today, the reform of that world organization is on the agenda, and among the proposals is one to give more formal voice to critical actors in civil society. Informally, through their connection with innumerable organizations of transnational social and political movements, they already have exerted an influence at the global summits in Rio, Vienna, Cairo, Copenhagen, and Kyoto, a fact that signifies a change in world politics.

We conclude that civilization through today's hegemonic market society is not out of the question, but is obviously dependent on numerous prerequisites. Only after we have considered some of these prerequisites can we withdraw the question mark in the title of this essay, which stands for the challenges that must be overcome. In this way, the title becomes through praxis a program.

GLOBALIZATION: A WORLD-SYSTEMS PERSPECTIVE*

Christopher Chase-Dunn



ABSTRACT:

Using the world-systems perspective, this essay discusses the trajectories of several types of globalization over the last 100 years and the recent surge in public cognizance of global processes. It is found that different types of globalization have different temporal characteristics. Some are long-term upward trends, while others display large cyclical oscillations. The factors that explain the recent emergence of the globalization discourse are examined, and this phenomenon is analyzed in terms of the contradictory interests of powerful and less-powerful groups. I contend that there is a lag between economic and political/cultural globalization, and that the latter needs to catch up if we are to convert the contemporary world-system of "casino capitalism" into a more humane, democratic, balanced and sustainable world society.

REFLECTING ON SOME NON-RHETORICAL QUESTIONS

The discourse on globalization has become a flood. What are the trends and processes that are alleged to constitute globalization? How do they correspond with actual recent and long-term changes in the world economy and the world polity? What are the interests of different groups in the political programs implied by the notions of globalization? And what should be the response of those peoples who are likely to be left out of the grand project of world economic deregulation and the free reign of global capital?

These questions are addressed from the world-systems perspective, an historically oriented analysis of cycles, trends and long-run structural features of the world-economy. The recent explosion of awareness of transnational, international and global processes is set in the historical perspective of the last 600 years of the emergence of a capitalist intersocietal system in Europe and its expansion to the whole globe.

* Peter Grimes and Volker Bornschier deserve recognition for their contributions to this essay. Some sentences have been taken from Chase-Dunn and Grimes (1995) and from Bornschier and Chase-Dunn (1999).

Intercontinental economic integration has been a long-term trend since the great chartered companies of the seventeenth century, but this trend also reveals a cycle in the rise and fall of the proportion of all economic exchange that crosses state boundaries (Chase-Dunn, Kawano and Brewer 2000).. Political globalization also has a long history in the emergence of international organizations over the last 200 years. Most of the many versions of globalization discourse focus on a recent qualitative transformation and emphasize the unique qualities of the new stage (e.g. Sklair this volume), while the longer view sees recent changes as part of a much older process of capitalist development and expansion in which there are important continuities as well as changes.

The trends and cycles reveal important continuities and imply that future struggles for economic justice and democracy need to base themselves on an analysis of how earlier struggles changed the scale and nature of development in the world-system. While some populists have suggested that progressive movements should employ the tools of economic nationalism to counter world market forces (e.g. Moore 1995; Hines and Lang 1996), it is here submitted that political globalization of popular movements will be required in order to create a democratic and collectively rational global system.

THE WORLD-SYSTEMS PERSPECTIVE

Today the terms “world economy”, “world market”, and “globalization” are commonplace, appearing in the sound-bites of politicians, media commentators, and unemployed workers alike. But few know that the most important source for these phrases lies with work started by sociologists in the early Seventies. At a time when the mainstream assumption of accepted social, political, and economic science held that the “wealth of nations” reflected mainly on the cultural developments within those nations, a growing group of social scientists recognized that national “development” could be best understood as the complex outcome of local interactions with an aggressively expanding Europe-centered “world-system” (Wallerstein 1974; Frank 1978).¹ Not only did these scientists perceive the global nature of

economic networks 20 years before they entered popular discourse, but they also saw that many of these networks extend back at least 600 years. Over this time, the peoples of the globe became linked into one integrated unit: the modern world-system.

Now, 20 years on, social scientists working in the area are trying to understand the history and evolution of the *whole system*, as well as how local, national and regional entities have been integrated into it. This current research has required broadening our perspective to include deeper temporal and larger spatial frameworks. For example, some recent research has compared the modern Europe-centered world-system of the last six hundred years with earlier, smaller intersocietal networks that have existed for millennia (Frank and Gills 1993; Chase-Dunn and Hall 1997). Other work uses the knowledge of cycles and trends that has grown out of world-systems research to anticipate likely future events with a precision impossible before the advent of the theory. This is still a new field and much remains to be done, but enough has already been achieved to provide a valuable understanding of the phenomenon of globalization.

The discourse about globalization has emerged mainly in the last decade. The term means many different things, and there are many reasons for its emergence as a popular concept. The usage of this term generally implies that a recent change (within the last decade or two) has occurred in technology and in the size of the arena of economic competition. The general idea is that information technology has created a context in which the global market, rather than separate national markets, is the relevant arena for economic competition. It then follows that economic competitiveness needs to be assessed in the global context, rather than in a national or local context. These notions have been used to justify the adoption of new practices by firms and governments all over the world and these developments have altered the political balances among states, firms, unions and other interest groups.

The first task is to put this development into historical context. The world-systems perspective has shown that intersocietal geopolitics and geoeconomics has been the relevant arena of competition for national-states, firms and classes for hundreds of years. The degree of international connectedness of economic and political/military networks was already important in the fourteenth and fifteenth centuries. The first “transnational corpora-

¹ For a useful introduction see Shannon (1996).

tions" (TNCs) were the great chartered companies of the seventeenth century. They organized both production and exchange on an intercontinental scale. The rise and fall of hegemonic core powers, which continues today with the relative decline of the United States hegemony, was already in full operation in the seventeenth century rise and fall of Dutch hegemony (see Arrighi 1994; Modelski and Thompson 1996; Taylor 1996).

The capitalist world-economy has experienced cyclical processes and secular trends for hundreds of years (Chase-Dunn 1998:Chapter 2). The cyclical processes include the rise and fall of hegemons, the Kondratieff wave (a forty to sixty year business cycle)², a cycle of warfare among core states (Goldstein 1988), and cycles of colonization and decolonization (Bergesen and Schoenberg 1980). The world-system has also experienced several secular trends including a long-term proletarianization of the world work force, growing concentration of capital into larger and larger firms, increasing internationalization of capital investment and of trade, and accelerating internationalization of political structures.

In this perspective, globalization is a long-term upward trend of political and economic change that is affected by cyclical processes. The most recent technological changes, and the expansions of international trade and investment, are part of these long-run changes. One question is exactly how the most recent changes compare with the long-run trends? And what are the important continuities as well as the qualitative differences that accompany these changes? These are the questions that I propose to explore.

TYPES OF GLOBALIZATION

There are at least five different dimensions of globalization that need to be distinguished. There are also several misunderstandings and misinterpretations that need to be clarified. Let us evaluate five different meanings of globalization:

² It has become conventional to refer to the expansion phase of the K-wave as the "A-phase", while the contraction or stagnation period is called the "B-phase."

(1) *Common ecological constraints*

This aspect of globalization involves global threats due to our fragile ecosystem and the globalization of ecological risks. Anthropogenic causes of ecological degradation have long operated, and these in turn have affected human social evolution (Chase-Dunn and Hall 1997). But ecological degradation has only recently begun to operate on a global scale. This fact creates a set of systemic constraints that require global collective action.

(2) *Cultural globalization*

This aspect of globalization relates to the diffusion of two sets of cultural phenomena:

- * the proliferation of individualized values, originally of Western origin, to ever larger parts of the world population. These values are expressed in social constitutions that recognize individual rights and identities and transnational and international efforts to protect "human rights."
- * the adoption of originally Western institutional practices. Bureaucratic organization and rationality, belief in a law-like natural universe, the values of economic efficiency and political democracy have been spreading throughout the world since they were propagated in the European Enlightenment (Meyer 1996; Markoff 1996).

Whereas some of the discussions of the world polity assume that cultural components have been a central aspect of the modern world-system from the start (e.g. Meyer 1989; Mann 1986), I emphasize the comparatively non-normative nature of the modern world-system (Chase-Dunn 1998: Chapter 5). But I acknowledge the growing salience of cultural consensus in the last 100 years. Whereas the modern world-system has always been, and is still, multicultural, the growing influence and acceptance of Western values of rationality, individualism, equality, and efficiency is an important trend of the twentieth century.

(3) *Globalization of communication*

Another meaning of globalization is connected with the new era of information technology. Anthony Giddens(1996) insists that social space comes to acquire new qualities with generalized electronic communications, albeit only in the networked parts of the world. In terms of accessibility, cost and velocity, the hitherto more local political and geographic parameters that structured social relationships are greatly expanded.

One may well argue that time-space compression (Harvey 1989) by new information technologies is simply an extension and acceleration of the very long-term trend toward technological development over the last ten millennia (Chase-Dunn 1994). Yet, the rapid decrease in the cost of communications may have qualitatively altered the relationship between states and consciousness and this may be an important basis for the formation of a much stronger global civil society. Global communication facilities have the power to move things visible and invisible from one part of the globe to another whether any nation-state likes it or not. This applies not only to economic exchange, but also to ideas, and these new networks of communication can create new political groups and alignments. How, and to what extent, will this undermine the power of states to structure social relationships?

(4) *Economic globalization*

Economic globalization means globe-spanning economic relationships. The interrelationships of markets, finance, goods and services, and the networks created by transnational corporations are the most important manifestations of this. Though the capitalist world-system has been international in essence for centuries, the extent and degree of trade and investment globalization has increased greatly in recent decades. Economic globalization has been accelerated by what information technology has done to the movement of money. It is commonly claimed that the market's ability to shift money from one part of the globe to another by the push of a button has changed the rules of policy-making, putting economic decisions much more at the mercy of market forces than before. The world-system has undergone major waves of economic globalization before, especially in the last decades of the nineteenth century. One important question is whether or not the most recent wave has actually integrated the world to a qualitatively greater extent than it was integrated during the former wave. All the breathy discussions of global capitalism and global society assume that this is the case, but careful comparative research indicates that this is not so (see below and Chase-Dunn, Kawano and Brewer 2000).

(5) *Political globalization*

Political globalization consists of the institutionalization of international political structures. The Europe-centered world-system has been primarily constituted as an interstate system—a system of conflicting and

allying states and empires. Earlier world-systems, in which accumulation was mainly accomplished by means of institutionalized coercive power, experienced an oscillation between multicentric interstate systems and core-wide world empires in which a single “universal” state conquered all or most of the core states in a region. The Europe-centered system has also experienced a cyclical alternation between political centralization and decentralization, but this has taken the form of the rise and fall of hegemonic core states that do not conquer the other core states. Hence the modern world-system has remained multicentric in the core, and this is due mainly to the shift toward a form of accumulation based more on the production and profitable sale of commodities—capitalism. The hegemons have been the most thoroughly capitalist states and they have preferred to follow a strategy of controlling trade and access to raw material imports from the periphery rather than conquering other core states to extract tribute or taxes.

Power competition in an interstate system does not require much in the way of cross-state cultural consensus to operate systemically. But since the early nineteenth century the European interstate system has been developing both an increasingly consensual international normative order and a set of international political structures that regulate all sorts of interaction. This phenomenon has been termed “global governance” by Craig Murphy (1994) and others. It refers to the growth of both specialized and general international organizations. The general organizations that have emerged are the Concert of Europe, the League of Nations and the United Nations. The sequence of these “proto-world-states” constitutes a process of institution-building, but unlike earlier “universal states” this one is slowly emerging by means of condominium among core states rather than conquest. This is the trend of political globalization. It is yet a weak, but persistent, concentration of sovereignty in international institutions. If it continues it will eventually in a single global state that could effectively outlaw warfare and enforce its illegality. The important empirical question, analogous to the discussion of economic globalization above, is the relative balance of power between international and global political organizations vis a vis national states. We assume this to be an upward trend, but like economic globalization it probably is also a cycle.

Measuring Economic Globalization

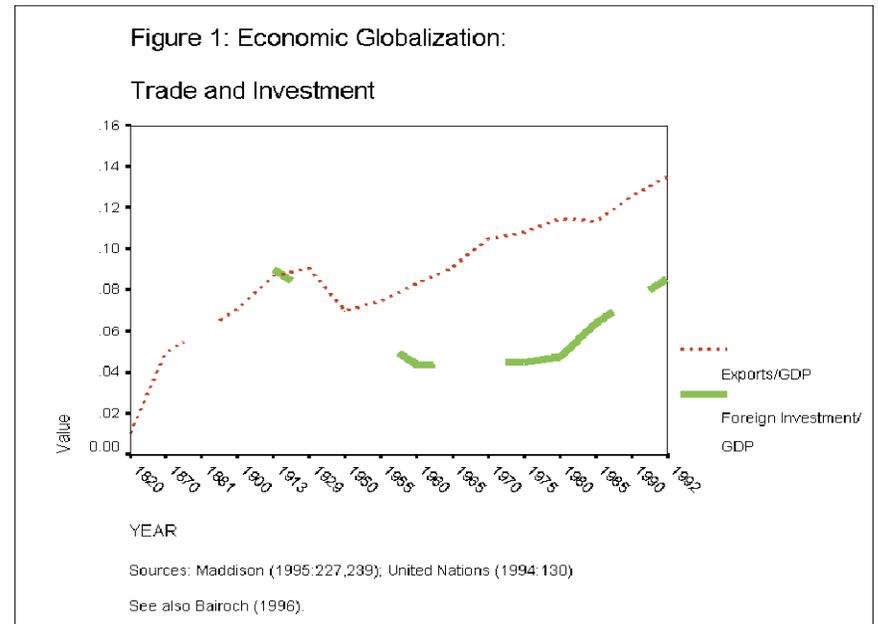
The brief discussion above of economic globalization implies that it is a long-run upward trend. The idea is that international economic competition as well as geopolitical competition were already important in the fourteenth century and that they became increasingly important as more and more international trade and international investment occurred. In its simplest form this would posit a linear upward trend of economic globalization. An extreme alternative hypothesis about economic globalization would posit a completely unintegrated world composed of autarchic national economies until some point (perhaps in the last few decades) at which a completely global market for commodities and capital suddenly emerged.

Let us examine data that can tell us more about the temporal emergence of economic globalization. There are potentially a large number of different indicators of economic globalization and they may or may not exhibit similar patterns with respect to change over time. Trade globalization can be operationalized as the proportion of all world production that crosses international boundaries. Investment globalization would be the proportion of all invested capital in the world that is owned by non-nationals (i.e. “foreigners”). And we could also investigate the degree of economic integration of countries by determining the extent to which national economic growth rates are correlated across countries.³

It would be ideal to have these measures over several centuries, but comparable figures are not available before the nineteenth century, and indeed even these are sparse and probably unrepresentative of the whole system until well into the twentieth century. Nevertheless we can learn some important things by examining those comparable data that are available.

Figure 1 shows trade and investment globalization. Trade globalization is the ratio of estimated total world exports (the sum of the value of exports of all countries) divided by an estimate of total world product (the sum of

³. We could also examine changes in the degree of multilateralization of trade by looking at the average of degree of export partner concentration across all the nation-states (and over time). Export partner concentration is the ratio of the value of the exports to the largest trade partner to the total exports of a country. A related indicator of the degree of average national specialization could be measured by using commodity concentration, the proportion of national exports that are composed of the single largest export. At present I do not have access to these numbers.



all the national GDPs). Investment globalization is the total book value of all foreign direct investment divided by the total world product.

The trade globalization figures show the hypothesized upward trend as well as a downturn that occurred between 1929 and 1950. Note that the time scale in Figure 1 is distorted by the paucity of data before 1950. It is possible that important changes in trade globalization are not visible in this series because of the wide temporal gaps in the data. Indeed a more recent study has shown that this is the case. There was a shorter and less well-defined wave of trade globalization from 1900 to 1929 (Chase-Dunn, Kawano and Brewer 2000).

Figure 1 also shows that the trade indicator differs in some ways from the investment indicator. Investment globalization was higher (or as high) in 1913 as it was in 1991, while trade globalization was considerably lower in 1913 than it was in 1992. We have fewer time points for the investment data, so we cannot tell for sure about the shape of the changes that took place, but these two series imply that different indicators of economic globalization may show somewhat different trajectories. More research needs to be done on investment globalization to determine its exact trajectory and for comparison with trade globalization and other world-system cycles and trends.

A third indicator of economic globalization is the correlation of national GDP growth rates (Grimes 1993). This shows the extent to which periods of national economic growth and stagnation have been synchronized across countries. In a fully integrated global economy it would be expected that growth and stagnation periods would be synchronized across countries and so there would be a high correlation of national growth rates. Grimes shows that, contrary to the hypothesis of a secular upward trend toward increasing global integration, the correlation among national growth rates fluctuates cyclically over the past two centuries. In a data series from 1860 to 1988 Grimes found two periods in which national economic growth-decline sequences are highly correlated across countries: - 1913-1927; and after 1970. Before and in between these peaks are periods of very low synchronization.

Further research needs to be done to determine the temporal patterns of different sorts of economic globalization. At this point we can say that the step-function version of a sudden recent leap to globalization can be rejected. The evidence we have indicates that there are both long-term secular trends and huge cyclical oscillations. Trade globalization shows a long-term trend with a big dip during the depression of the 1930s. The investment globalization indicates a cycle with at least two peaks, one before World War I and one after 1980. Grimes's indicator of synchronous economic growth indicates a cyclical fluctuation with one peak in the 1920s and another since 1970.

These results, especially those that imply cycles, indicate that change occurs relatively quickly and that the most recent period of globalization shares important features with earlier periods of intense international economic interaction. The question of the similarities and differences between the most recent wave and earlier waves of globalization is clearly an important one.

SYSTEMIC CYCLES OF ACCUMULATION

Giovanni Arrighi (1994) shows how hegemony in the modern world-system has evolved in a series of "systemic cycles of accumulation" (SCAs) in which finance capital has employed different forms of organization and

different relationships with organized state power. These qualitative organizational changes have accompanied the secular increase in the power of money and markets as regulatory forces in the modern world-system. The SCAs have been occurring in the Europe-centered world-system since at least the fourteenth century.

Arrighi's model shows both the similarities and the differences in the relationships that obtain between financial capital and states within the different systemic cycles of accumulation. The British SCA and the American SCA had both similarities and important differences. The main differences that Arrighi emphasizes are the "internalization of transaction costs" (represented by the vertical integration of TNCs) and the extent to which the U.S. tried to create "organized capitalism" on a global scale. The British SCA had fewer global firms and pushed hard for international free trade. The U.S. SCA is characterized by a much heavier focus on global firms and by a more structured approach to "global governance" possibly intended to produce economic growth in other core regions, especially those that are geopolitically strategic.

Arrighi argues that President Roosevelt used the power of the hegemonic state to try to create a balanced world of capitalist growth. This sometimes meant going against the preferences of finance capital and U.S. corporations. For example, the Japanese miracle was made possible because the U.S. government prevented U.S. corporations from turning Japan (and Korea) into just one more dependent and peripheralized country. This policy of enlightened global Keynesianism was continued in a somewhat constrained form under later presidents, albeit in the guise of domestic "military Keynesianism" justified by the Soviet threat.

In this interpretation the big companies and the finance capitalists returned to power with the decline in competitiveness of the U.S. economy. The rise of the Eurodollar market forced Nixon to abandon the Bretton Woods financial structure, and this was followed by Reaganism-Thatcherism, IMF structural adjustment, streamlining, deregulation and the delegitimation of anything that constrained the desires of global capital investment. The idea that we are all subject to the forces of a global market-place, and that any constraint on the freedom to invest will result

in a deficit of “competitiveness,” is a powerful justification for destroying the institutions of the “Second Wave” (e.g. labor unions, welfare, agricultural subsidies, etc.).⁴

Under conditions of increased economic globalization the ability of national states to protect their citizens from world market forces decreases. This results increasing inequalities within countries, and increasing levels of dis-satisfaction compared to the relative harmony of national integration achieved under the Keynesian regimes. It is also produces political reactions, especially national-populist movements.⁵ Indeed, Philip McMichael (1996) attributes the anti-government movements now occurring in the U.S. West, including the bombing of the Federal Building in Oklahoma City, to the frustrations caused by the deregulation of U.S. agriculture.

It would also be useful to investigate the temporal patterns of the other types of globalization: cultural,⁶ political, technological and ecological. Of interest too are the relationships between these and economic globalization. Much empirical work needs to be done to operationalize these concepts and to assemble the relevant information. Here, for now, I will hypothesize that all these types exhibit both long-run secular and cyclical features. I will also surmise that cultural and political globalization are lagged behind the secular upward trend of economic globalization.

THE POLITICS OF GLOBALIZATION

This last hypothesis bears on the question of adjustments of political and social institutions to increases in economic and technological globalization. I would submit that the current period of economic globalization has occurred in part due to technological changes that are linked to Kondratieff

⁴ The “Second wave” means industrialism in Alvin Toffler’s terminology, now adopted by Newt Gingrich.

⁵ A recent debate on WSN, the world-system network, focused on nationalist vs. internationalist popular responses to globalization and downsizing. See <http://wsarch.ucr.edu/archive/praxis/wsntalk.htm>

⁶ One long-run indicator of cultural globalization would be linguistic diversity, a distributional measure of the proportions of the world’s population that speak the various languages. It is obvious that linguistic diversity has decreased greatly over the past centuries, but it would be interesting to see the temporal shape of this trend. Have recent movements to revitalize and legitimate indigenous cultures slowed the long-term decrease in linguistic diversity?

waves, and in part because of the profit squeezes and declining hegemony of the U.S. economy in the larger world market.⁷

The financial aspects of the current period of economic globalization began when President Nixon canceled the Bretton Woods agreement in response to pressures on the value of the U.S. dollar coming from the rapidly growing Eurodollar market (Harvey 1995). This occurred in 1967, and this date is used by many to mark the beginning of a K-wave downturn.

The saturation of the world market demand for the products of the post-World War II upswing, the constraints on capital accumulation posed by business unionism and the political entitlements of the welfare states in core countries caused a profit squeeze that motivated large firms and investors and their political helpers to try to break out of these constraints. The possibilities for global investment opened up by new communications and information technology created new maneuverability for capital. The demise of the Soviet Union⁸ added legitimacy to the revitalized ideology of the free market and this ideology swept the Earth. Not only Reagan and Thatcher, but Eurocommunists and labor governments in both the core and the periphery, adopted the ideology of the “lean state,” deregulation, privatization and the notion that everything must be evaluated in terms of global efficiency and competitiveness.

Cultural globalization has been a very long-term upward trend since the emergence of the world religions in which any person, regardless of ethnicity or kinship, could become a member of the moral community by confessing faith in the “universal” god. But moral and political cosmography has usually encompassed a smaller realm than the real dimensions of the objective trade and political/military networks in which people have been involved. What has occurred at the end of the twentieth century is a near-convergence between subjective cosmography and objective networks. The main cause of this is probably the practical limitation of human habitation

⁷ For evidence of relative U.S. economic decline see Chase-Dunn 1989:p.266, Table 12.3. This shows that U.S. proportion of world GNP declined from 32.1% in 1960 to 26.9% in 1980. See also Bergesen and Fernandez (1998).

⁸ The world-systems literature on the reintegration of state communism in the capitalist world-economy is substantial. See Chase-Dunn (1980), Boswell and Peters (1989) and Frank (1980).

to the planet Earth. But the long-run declining costs of transportation and communications are also an important element. Whatever the causes, the emergent reality is one in which consciousness embraces (or goes beyond) the real systemic networks of interaction. This geographical feature of the global system is one of its uniquenesses, and it makes possible for the future a level of normative order that has not existed since human societies were very small and egalitarian (Chase-Dunn and Hall 1997a).

The ideology of globalization has undercut the support and the rationale behind all sorts of so-called Second Wave institutions—labor unions, socialist parties, welfare programs, and communist states. While these institutions have not been destroyed everywhere, the politicians of the right (e.g. Newt Gingrich in the U.S.) have explicitly argued for their elimination.

At the same time, the very technologies that made capitalist economic globalization possible also have the potential to allow those who do not benefit from the free reign of capital to organize new forms of resistance, or to revitalize old forms. It is now widely agreed by many, even in the financial community, that the honeymoon of neo-liberalism will eventually end and that the rough edges of global capitalism will need to be buffed. Patrick Buchanan, a conservative candidate for the U.S. presidency in 1996, tried to capitalize on popular resentment of corporate downsizing. The *Wall Street Journal* has reported that stock analysts worry about the “lean and mean” philosophy becoming a fad that has the potential to delegitimize the business system and to create political backlashes. This was expressed in the context of a discussion of the announcement of huge bonuses for AT&T executives following another round of downsizing.

I already mentioned the difficulties that states are having in controlling communications on the Internet. I do not believe the warnings of those who predict a massive disruption of civilization by hordes of sociopaths waging “cyberwar”⁹ But I do think that the new communications technologies

⁹ Barbara Belejack says, “Another concern to activists and NGOs is the growing body of ‘cyberwar’ and ‘netwar’ literature pioneered by Rand Corporation analyst David Ronfeldt, who along with David Arquilla of the U.S. Naval Postgraduate School in Monterey, California, coined the terms in a 1993 article ‘CyberWar is Coming!’ In

provide new opportunities for the less powerful to organize themselves to respond should global capitalism run them over or leave them out.

The important question is what are the most useful organizational forms for resistance? What we already see are all sorts of nutty localisms, nationalisms and a proliferation of identity politics. The militias of the U.S. West are ordering large amounts of fertilizer with which to resist the coming of the “Blue Helmets”—a fantasized world state that is going to take away their handguns and assault rifles.¹⁰

Localisms and specialized identities are the postmodern political forms that are supposedly produced by information technology, flexible specialization, and global capitalism (Harvey 1989). I think that at least some of this trend is a result of desperation and the demise of plausible alternatives in the face of the ideological hegemony of neoliberalism and the much-touted triumph of efficiency over justice. Be that as it may, a historical perspective on the latest phase of globalization allows us to see the long-run patterns of interaction between capitalist expansion and the movements of opposition that have tried to protect people from the negative aspects of market forces and exploitation. And this perspective has implications for going beyond the impasse of the present to build a more cooperative and humane global system (Boswell and Chase-Dunn 1999).

1993, Ronfeldt was thinking along the lines of a potential threat from an updated version of the Mongol hordes that would upset the established hierarchy of institutions. He predicted that communication would be increasing organizing ‘into cross-border networks and coalitions, identifying more with the development of civil society (even global civil society) than with nation-states, and using advanced information and communications technologies to strengthen their activities.’ By 1995 Ronfeldt was characterizing the Zapatista activists as highly successful in limiting the government’s maneuverability, and warning that ‘the country that produced the prototype social revolution of the 20th century may now be giving rise to the prototype social network of the 21st century.’ From “Cyberculture Comes to the Americas” by Barbara Belejack (102334.201@compuserve.com) available at <http://wsarch.ucr.edu/wsnmail/97jan-apr/0021.html>

¹⁰ The same solid citizens of the West who were quite willing to grant the experts back in Washington the benefit of the doubt on Vietnam are, twenty-five years later, doubting the moral and ethical foundations of the U.S. federal government.

THE SPIRAL OF CAPITALISM AND SOCIALISM

The interaction between expansive commodification and resistance movements can be denoted as “the spiral of capitalism and socialism.” The world-systems perspective provides a view of the long-term interaction between the expansion and deepening of capitalism and the efforts of people to protect themselves from exploitation and domination. The historical development of the communist states is explained as part of a long-run spiraling interaction between expanding capitalism and socialist counter-responses. The history and developmental trajectory of the communist states can be explained as socialist movements in the semiperiphery that attempted to transform the basic logic of capitalism, but which ended up using socialist ideology to mobilize industrialization for the purpose of catching up with core capitalism.

The spiraling interaction between capitalist development and socialist movements can be seen in the history of labor movements, socialist parties and communist states over the last 200 years. This long-run comparative perspective enables one to see recent events in China, Russia and Eastern Europe in a framework that has implications for the future of social democracy. The metaphor of the spiral means this: both capitalism and socialism affect one another’s growth and organizational forms. Capitalism spurs socialist responses by exploiting and dominating peoples, and socialism spurs capitalism to expand its scale of production and market integration and to revolutionize technology.

Defined broadly, socialist movements are those political and organizational means by which people try to protect themselves from market forces, exploitation and domination, and to build more cooperative institutions. The sequence of industrial revolutions, by which capitalism has restructured production and taken control of labor, have stimulated a series of political organizations and institutions created by workers to protect their livelihoods. This happened differently under different political and economic conditions in different parts of the world-system. Skilled workers created guilds and craft unions. Less skilled workers created industrial unions. Sometimes these coalesced into labor parties that played important roles in supporting the development of political democracies, mass education and welfare states (Rueschemeyer, Stephens and Stephens 1992). In other regions workers were less politically successful, but managed at least

to protect access to rural areas or subsistence plots for a fall-back or hedge against the insecurities of employment in capitalist enterprises. To some extent the burgeoning contemporary “informal sector” in both core and peripheral societies provides such a fall-back.

The mixed success of workers’ organizations also had an impact on the further development of capitalism. In some areas workers or communities were successful at raising the wage bill or protecting the environment in ways that raised the costs of production for capital. When this happened capitalists either displaced workers by automating them out of jobs or capital migrated to where fewer constraints allowed cheaper production. The process of capital flight is not a new feature of the world-system. It has been an important force behind the uneven development of capitalism and the spreading scale of market integration for centuries. Labor unions and socialist parties were able to obtain some power in certain states, but capitalism became yet more international. Firm size increased. International markets became more and more important to successful capitalist competition. Fordism, the employment of large numbers of easily-organizable workers in centralized production locations, has been supplanted by “flexible accumulation” (small firms producing small customized products) and global sourcing (the use of substitutable components from broadly dispersed competing producers), are all production strategies that make traditional labor organizing approaches much less viable.

COMMUNIST STATES IN THE WORLD-SYSTEM

Socialists were able to gain state power in certain semiperipheral states and use this power to create political mechanisms of protection against competition with core capital. This was not a wholly new phenomenon. As discussed below, capitalist semiperipheral states had done and were doing similar things. But, the communist states claimed a fundamentally oppositional ideology in which socialism was allegedly a superior system that would eventually replace capitalism. Ideological opposition is a phenomenon which the capitalist world-economy has seen before. The geopolitical and economic battles of the Thirty Years War were fought in the name of Protestantism against Catholicism. The content of the ideology may make some difference for the internal organization of states and parties, but every contender must be able to legitimate itself in the eyes and hearts of its cadre.

The claim to represent a qualitatively different and superior socio-economic system is not evidence that the communist states were indeed structurally autonomous from world capitalism.

The communist states severely restricted the access of core capitalist firms to their internal markets and raw materials, and this constraint on the mobility of capital was an important force behind the post-World War II upsurge in the spatial scale of market integration and a new revolution of technology. In certain areas capitalism was driven to further revolutionize technology or to improve living conditions for workers and peasants because of the demonstration effect of propinquity to a communist state. U.S. support for state-led industrialization of Japan and Korea (in contrast to U.S. policy in Latin America) is only understandable as a geopolitical response to the Chinese revolution. The existence of “two superpowers”—one capitalist and one communist—in the period since World War II provided a fertile context for the success of international liberalism within the “capitalist” bloc. This was the political/military basis of the rapid growth of transnational corporations and the latest revolutionary “time-space compression” (Harvey 1989). This technological revolution has once again restructured the international division of labor and created a new regime of labor regulation called “flexible accumulation.” The process by which the communist states have become reintegrated into the capitalist world-system has been long, as described below. But, the final phase of reintegration was provoked by the inability to be competitive with the new form of capitalist regulation. Thus, capitalism spurs socialism, which spurs capitalism, which spurs socialism again in a wheel that turns and turns while getting larger.

The economic reincorporation of the communist states into the capitalist world-economy did not occur recently and suddenly. It began with the mobilization toward autarchic industrialization using socialist ideology, an effort that was quite successful in terms of standard measures of economic development. Most of the communist states were increasing their percentage of world product and energy consumption up until the 1980s.

The economic reincorporation of the communist states moved to a new stage of integration with the world market and foreign firms in the 1970s. Andre Gunder Frank (1980:chapter 4) documented a trend toward reintegration in which the communist states increased their exports for sale on the world market, increased imports from the avowedly capitalist countries, and

made deals with transnational firms for investments within their borders. The economic crisis in Eastern Europe and the Soviet Union was not much worse than the economic crisis in the rest of the world during the global economic downturn that began in the late 1960s (see Boswell and Peters 1990, Table 1). Data presented by World Bank analysts indicates that GDP growth rates were positive in most of the “historically planned economies” in Europe until 1989 or 1990 (Marer et al, 1991: Table 7a).

Put simply, the big transformations that occurred in the Soviet Union and China after 1989 were part of a process that had long been underway since the 1970s. The big socio-political changes were a matter of the superstructure catching up with the economic base. The democratization of these societies is, of course, a welcome trend, but democratic political forms do not automatically lead to a society without exploitation or domination. The outcomes of current political struggles are rather uncertain in most of the ex-communist countries. New types of authoritarian regimes seem at least as likely as real democratization.

As trends in the last two decades have shown, austerity regimes, deregulation and marketization within nearly all of the communist states occurred during the same period as similar phenomena in non-communist states. The synchronicity and broad similarities between Reagan/Thatcher deregulation and attacks on the welfare state, austerity socialism in most of the rest of the world, and increasing pressures for marketization in the Soviet Union and China are all related to the B-phase downturn of the Kondratieff wave, as are the current moves toward austerity and privatization in many semi-peripheral and peripheral states. The trend toward privatization, deregulation and market-based solutions among parties of the Left in almost every country is thoroughly documented by Lipset (1991). Nearly all socialists with access to political power have abandoned the idea of doing more than buffing off the rough edges of capitalism. The way in which the pressures of a stagnating world economy impact upon national policies certainly varies from country to country, but the ability of any single national society to construct collective rationality is limited by its interaction within the larger system. The most recent expansion of capitalist integration, termed “globalization of the economy,” has made autarchic national economic planning seem anachronistic. Yet, a political reaction against economic globalization is now under way in the form of revived ex-communist parties, economic

nationalism (e.g., Pat Buchanan, the Brazilian military) and a coalition of oppositional forces who are critiquing the ideological hegemony of neo-liberalism (e.g., Ralph Nader, environmentalists, populists of the right, etc.).

Political Implications of the World-System Perspective

The age of U.S. hegemonic decline and the rise of post-modernist philosophy have cast the liberal ideology of the European Enlightenment (science, progress, rationality, liberty, democracy and equality) into the dustbin of totalizing universalisms. It is alleged that these values have been the basis of imperialism, domination and exploitation and, thus, they should be cast out in favor of each group asserting its own set of values. Note that self-determination and a considerable dose of multiculturalism (especially regarding religion) were already central elements in Enlightenment liberalism.

The structuralist and historical materialist world-systems approach poses this problem of values in a different way. The problem with the capitalist world-system has not been with its values. The philosophy of liberalism is fine. It has quite often been an embarrassment to the pragmatics of imperial power and has frequently provided justifications for resistance to domination and exploitation. The philosophy of the enlightenment has never been a major cause of exploitation and domination. Rather, it was the military and economic power generated by capitalism that made European hegemony possible.

To humanize the world-system we may need to construct a new philosophy of democratic and egalitarian liberation. Of course, many of the principle ideals that have been the core of the Left's critique of capitalism are shared by non-European philosophies. Democracy in the sense of popular control over collective decision-making was not invented in Greece. It was a characteristic of all non-hierarchical human societies on every continent before the emergence of complex chiefdoms and states. My point is that a new egalitarian universalism can usefully incorporate quite a lot from the old universalisms. It is not liberal ideology that caused so much exploitation and domination. It was the failure of real capitalism to live up to its own ideals (liberty and equality) in most of the world. That is the problem that progressives must solve.

A central question for any strategy of transformation is the question of agency. Who are the actors who will most vigorously and effectively resist

capitalism and construct democratic socialism? Where is the most favorable terrain, the weak link, where concerted action could bear the most fruit? Samir Amin (1990,1992) contends that the agents of socialism have been most heavily concentrated in the periphery. It is there that the capitalist world-system is most oppressive, and thus peripheral workers and peasants, the vast majority of the world proletariat, have the most to win and the least to lose.

On the other hand, Marx and many contemporary Marxists have argued that socialism will be most effectively built by the action of core proletarians. Since core areas have already attained a high level of technological development, the establishment of socialized production and distribution should be easiest in the core. And, organized core workers have had the longest experience with industrial capitalism and the most opportunity to create socialist social relations.

I submit that both "workerist" and "Third Worldist" positions have important elements of truth, but there is another alternative which is suggested by the structural theory of the world-system: the semiperiphery as the weak link.

Core workers may have experience and opportunity, but a sizable segment of the core working classes lack motivation because they have benefited from a non-confrontational relationship with core capital. The existence of a labor aristocracy has divided the working class in the core and, in combination with a large middle strata, has undermined political challenges to capitalism. Also, the "long experience" in which business unionism and social democracy have been the outcome of a series of struggles between radical workers and the labor aristocracy has created a residue of trade union practices, party structures, legal and governmental institutions, and ideological heritages which act as barriers to new socialist challenges. These conditions have changed to some extent during the last two decades as hyper-mobile capital has attacked organized labor, dismantled welfare states and downsized middle class work forces. These create new possibilities for popular movements within the core, and we can expect more confrontational popular movements to emerge as workers devise new forms of organization (or revitalize old forms). Economic globalization makes labor internationalism a necessity, and so we can expect to see the old idea take new forms and become more organizationally real. Even small victories in the core have

important effects on peripheral and semiperipheral areas because of demonstration effects and the power of core states.

The main problem with “Third Worldism” is not motivation, but opportunity. Democratic socialist movements that take state power in the periphery are soon beset by powerful external forces which either overthrow them or force them to abandon most of their socialist program. Popular movements in the periphery are most usually anti-imperialist class alliances which succeed in establishing at least the trappings of national sovereignty, but not socialism. The low level of the development of the productive forces also makes it harder to establish socialist forms of accumulation, although this is not impossible in principle. It is simply harder to share power and wealth when there are very little of either. But, the emergence of democratic regimes in the periphery will facilitate new forms of mutual aid, cooperative development and popular movements once the current ideological hegemony of neoliberalism has broken down.

SEMIPERIPHERAL DEMOCRATIC SOCIALISM

In the semiperiphery both motivation and opportunity exist. Semiperipheral areas, especially those in which the territorial state is large, have sufficient resources to be able to stave off core attempts at overthrow and to provide some protection to socialist institutions if the political conditions for their emergence should arise. Semiperipheral regions (e.g., Russia and China) have experienced more militant class-based socialist revolutions and movements because of their intermediate position in the core/periphery hierarchy. While core exploitation of the periphery creates and sustains alliances among classes in both the core and the periphery, in the semiperiphery an intermediate world-system position undermines class alliances and provides a fruitful terrain for strong challenges to capitalism. Semiperipheral revolutions and movements are not always socialist in character, as we have seen in Iran. But, when socialist intentions are strong there are greater possibilities for real transformation than in the core or the periphery. Thus, the semiperiphery is the weak link in the capitalist world-system. It is the terrain upon which the strongest efforts to establish socialism have been made, and this is likely to be true of the future as well.

On the other hand, the results of the efforts so far, while they have undoubtedly been important experiments with the logic of socialism, have

left much to be desired. The tendency for authoritarian regimes to emerge in the communist states betrayed Marx’s idea of a freely constituted association of direct producers. And, the imperial control of Eastern Europe by the Russians was an insult to the idea of proletarian internationalism. Democracy within and between nations must be a constituent element of true socialism.

It does not follow that efforts to build socialism in the semiperiphery will always be so constrained and thwarted. The revolutions in the Soviet Union and the Peoples’ Republic of China have increased our collective knowledge about how to build socialism despite their only partial successes and their obvious failures. It is important for all of us who want to build a more humane and peaceful world-system to understand the lessons of socialist movements in the semiperiphery, and the potential for future, more successful, forms of socialism there (e.g. Chase-Dunn and Boswell 1998).

Once again the core has developed new lead industries—computers and biotechnology—and much of large scale heavy industry, the classical terrain of strong labor movements and socialist parties, has been moved to the semiperiphery. This means that new socialist bids for state power in the semiperiphery (e.g., South Africa, Brazil, Mexico, perhaps Korea) will be much more based on an urbanized and organized proletariat in large scale industry than the earlier semiperipheral socialist revolutions were. This should have happy consequences for the nature of new socialist states in the semiperiphery because the relationship between the city and the countryside within these countries should be less antagonistic. Less internal conflict will make more democratic socialist regimes possible, and will lessen the likelihood of core interference. The global expansion of communications has increased the salience of events in the semiperiphery for audiences in the core and this may serve to dampen core state intervention into the affairs of democratic socialist semiperipheral states.

Some critics of the world-system perspective have argued that emphasis on the structural importance of global relations leads to political nothingism while we wait for socialism to emerge at the world level. The world-system perspective does indeed encourage us to examine global level constraints (and opportunities), and to allocate our political energies in ways which will be most productive when these structural constraints are taken into account. It does not follow that building socialism at the local or

national level is futile, but we *must* expend resources on transorganizational, transnational and international socialist relations. The environmental and feminist movements are now in the lead and labor needs to follow their example.

A simple domino theory of transformation to democratic socialism is misleading and inadequate. Suppose that all firms or all nation-states adopted socialist relations internally but continued to relate to one another through competitive commodity production and political/military conflict. Such a hypothetical world-system would still be dominated by the logic of capitalism, and that logic would be likely to repenetrate the "socialist" firms and states. This cautionary tale advises us to invest political resources in the construction of multilevel (transorganizational, transnational and international) socialist relations lest we simply repeat the process of driving capitalism to once again perform an end run by operating on a yet larger scale.

A Democratic Socialist World-system

These considerations lead us to a discussion of socialist relations at the level of the whole world-system. The emergence of democratic collective rationality (socialism) at the world-system level is likely to be a slow process. What might such a world-system look like and how might it emerge? It is obvious that such a system would require a democratically-controlled world federation that can effectively adjudicate disputes among nation-states and eliminate warfare (Goldstein 1988). This is a bare minimum. There are many other problems that badly need to be coordinated at the global level: ecologically sustainable development, a more balanced and egalitarian approach to economic growth, and the lowering of population growth rates.

The idea of global democracy is important for this struggle. The movement needs to push toward a kind of popular democracy that goes beyond the election of representatives to include popular participation in decision-making at every level. Global democracy can only be real if it is composed of civil societies and national states that are themselves truly democratic (Robinson 1996). And global democracy is probably the best way to lower the probability of another war among core states. For that reason it is in everyone's interest.

How might such a global social democracy come into existence? The process of the growth of international organizations which has been going

on for at least 200 years will eventually result in a world state if we are not blown up first. Even international capitalists have some uses for global regulation, as is attested by the International Monetary Fund and the World Bank. Capitalists do not want the massive economic and political upheavals that would likely accompany collapse of the world monetary system, and so they support efforts to regulate "ruinous" competition and beggar-thy-neighborism. Some of these same capitalists also fear nuclear holocaust, and so they may support a strengthened global government which can effectively adjudicate conflicts among nation-states.

Of course, capitalists know as well as others that effective adjudication means the establishment of a global monopoly of legitimate violence. The process of state formation has a long history, and the king's army needs to be bigger than any combination of private armies which might be brought against him. While the idea of a world state may be a frightening specter to some, I am optimistic about it for several reasons. First, a world state is probably the most direct and stable way to prevent nuclear holocaust, a desideratum which must be at the top of everyone's list. Secondly, the creation of a global state which can peacefully adjudicate disputes among nations will transform the existing interstate system. The interstate system is the political structure which stands behind the maneuverability of capital and its ability to escape organized workers and other social constraints on profitable accumulation. While a world state may at first be dominated by capitalists, the very existence of such a state will provide a single focus for struggles to socially regulate investment decisions and to create a more balanced, egalitarian and ecologically sound form of production and distribution.

The progressive response to neoliberalism needs to be organized at national, international and global levels if it is to succeed. Democratic socialists should be wary of strategies that focus only on economic nationalism and national autarchy as a response to economic globalization. Socialism in one country has never worked in the past and it certainly will not work in a world that is more interlinked than ever before. The old forms of progressive internationalism were somewhat premature, but internationalism has finally become not only desirable but necessary. This does not mean that local, regional and national-level struggles are irrelevant. They are just as relevant as they always have been. But, they need to also have a global strategy and global-level cooperation lest they be isolated and defeated. Communications

technology can certainly be an important tool for the kinds of long-distance interactions that will be required for truly international cooperation and coordination among popular movements. It would be a mistake to pit global strategies against national or local ones. All fronts should be the focus of a coordinated effort.

W. Warren Wagar (1996) has proposed the formation of a "World Party" as an instrument of "mundialization"—the creation of a global socialist commonwealth. His proposal has been critiqued from many angles—as a throw-back to the Third International, etc. I suggest that Wagar's idea is a good one, and that a party of the sort he is advocating will indeed emerge and that it will contribute a great deal toward bringing about a more humane world-system. Self-doubt and post-modern reticence may make such a direct approach appear Napoleonic. It is certainly necessary to learn from past mistakes, but this should not prevent us debating the pros and cons of positive action.

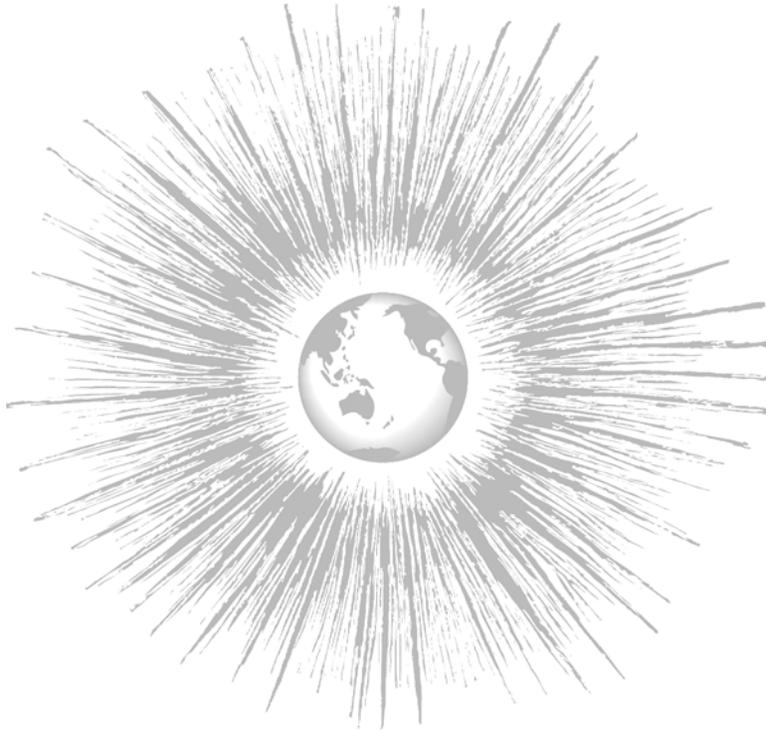
The international segment of the world capitalist class is indeed moving slowly toward global state formation. The World Trade Organization is only the latest element in this process. Rather than simply oppose this move with a return to nationalism, progressives should make every effort to organize social and political globalization, and to democratize the emerging global state. We need to prevent the normal operation of the interstate system and future hegemonic rivalry from causing another war among core powers (e.g. Wagar 1992; see also Chase-Dunn and Bornschier 1998). And, we need to shape the emerging world society into a global democratic commonwealth based on collective rationality, liberty and equality. This possibility is present in existing and evolving structures. The agents are all those who are tired of wars and hatred and who desire a humane, sustainable and fair world-system. This is certainly a majority of the people of the Earth.

REFERENCES

- Arrighi, Giovanni 1994 *The Long Twentieth Century*. New York: Verso.
- Bairoch, Paul 1996 "Globalization Myths and Realities: One Century of External Trade and Foreign Investment", in Robert Boyer and Daniel Drache (eds.), *States Against Markets: The Limits of Globalization*, London and New York: Routledge.
- Bergesen, Albert and Ronald Schoenberg 1980 "Long waves of colonial expansion and contraction, 1415-1969" Pp. 231-278 in in Albert J. Bergesen (ed.) *Studies of the Modern World-System*. New York: Academic Press.
- Bergesen, Albert and Roberto Fernandez 1998 "Who has the most Fortune 500 firms?: a network analysis of global economic competition, 1956-1989" in Christopher Chase-Dunn and Volker Bornschier (eds.) *The Future of Hegemonic Rivalry*. London: Sage.
- Boli, John and George M. Thomas 1997 "World culture in the world polity," *American Sociological Review* 62,2:171-190 (April).
- Bornschier, Volker and Christopher Chase-Dunn "Globalization and Change in Technological Style—The Withering Away of the State?" Pp. 285-302 in V. Bornschier and C. Chase-Dunn (eds.) *The Future of Global Conflict*. London: Sage
- Boswell, Terry and Christopher Chase-Dunn 1999. *The Spiral of Capitalism and Socialism: Toward Global Democracy*. Boulder, CO.: Lynne Rienner.
- Boswell, Terry and Peters, Ralph. 1990. "State socialism and the industrial divide in the world-economy: a comparative essay on the rebellions in Poland and China." *Critical Sociology*.
- Chase-Dunn, Christopher (ed.) 1980 *Socialist States in the World-System*. Beverly Hills, CA.:Sage.
- _____ 1994 "Technology and the changing logic of world-systems" Pp. 85-106 in Ronen Palan and Barry Gills (eds.) *The State-Global Divide: a Neostructural Agenda in International Relations*. Boulder, CO.: Lynne Rienner.
- _____ 1998 *Global Formation: Structures of the World-Economy*. 2nd Ed. Lanham, MD. Rowman and Littlefield.
- Chase-Dunn, Christopher and Terry Boswell 1999 "Postcommunism and the global commonwealth," *Humboldt Journal of Social Relations*.
- _____ and Terry Boswell 1998 "Post-communism and the global commonwealth." *Humboldt Journal of Social Relations* 24,1/2: 195-220.
- _____ and Peter Grimes, "World-Systems Analysis." *Annual Review of Sociology* 1995. 21:387-417.
- _____ Yukio Kawano and Benjamin Brewer 2000 "Trade globalization since 1795: waves of integration in the world-system." *American Sociological Review* (February). Earlier version at <http://wsarch.ucr.edu/archive/papers/c-d&hall/isa99b/isa99b.htm>
- _____ and Thomas D. Hall 1997a. *Rise and Demise: The Comparative Study of World-Systems*. Boulder, CO.: Westview.
- _____ and Thomas D. Hall. 1997b. "Ecological Degradation and the Evolution of World-Systems." *Journal of World-Systems Research* <http://jwsr.ucr.edu> 3: 403-431.
- Frank, Andre Gunder 1978 *World Accumulation 1492-1789*. New York: Monthly Review Press.
- _____ 1980 *Crisis: In the World Economy* New York: Holmes and Meier.
- _____ and Barry Gills (eds.) 1993 *The World System: Five Hundred Years or Five Thousand?* London: Routledge.
- Giddens, Anthony 1996 *Introduction to Sociology*. New York: Norton.

- Goldstein, Joshua 1988 *Long Cycles: Prosperity and War in the Modern Age*. New Haven: Yale University Press
- Grimes, Peter 1993 "Harmonic convergence: frequency of economic cycles and global integration, 1790-1990" A paper presented at the annual meeting of the Social Science History Association, Baltimore, November 4.
- Harvey, David 1989. *The Condition of Postmodernity*. Cambridge, MA.: Blackwell.
- _____ 1995 "Globalization in question." *Rethinking Marxism* 8,4:1-17 (Winter).
- Hines, Colin and Tim Lang 1996 "In favor of a new protectionism," Pp. 485-493 in Jerry Mander and Edward Goldsmith (eds.) *The Case Against the Global Economy and For a Turn Toward the Local*. San Francisco: Sierra Club Books.
- Maddison, Angus 1995 *Monitoring the World Economy, 1820-1992*. Paris: OECD
- Mann, Michael 1986 *Sources of Social Power, Vol. 1*, Cambridge: Cambridge University Press.
- Marer, Paul, Janos Arvay, John O'Connor and Dan Swenson. 1991. "Historically planned economies: a guide to the data." *I.B.R.D. (World Bank)*, Socioeconomic Data Division and Socialist Economies Reform Unit.
- Markoff, John 1996 *Waves of Democracy: Social Movements and Political Change*. Thousand Oaks, CA.: Pine Forge Press.
- Meyer, John W. 1989 "Conceptions of Christendom: notes on the distinctiveness of the West." Pp. 395-413 in Melvin L. Kohn (ed.) *Cross-national Research in Sociology*. Newbury Park, CA.: Sage.
- _____ 1996 "The changing cultural content of the nation-state: a world society perspective." In George Steinmetz (ed.) *New Approaches to the State in the Social Sciences*. Ithaca: Cornell University Press.
- McMichael, Philip 1996 *Development and Social Change: A Global Perspective*. Thousand Oaks, CA.: Pine Forge.
- Modelski, George and William R. Thompson. 1996. *Leading Sectors and World Powers: The Coevolution of Global Politics and Economics*. Columbia, SC: University of South Carolina Press.
- Moore, Richard K. 1995 "On saving democracy" a contribution to a conversation about global praxis on the *World-Systems Network (WSN)* <http://wsarch.ucr.edu/archive/praxis/wsntalk.htm>
- Murphy, Craig 1994 *International Organization and Industrial Change: Global Governance since 1850*. New York: Oxford.
- Robinson, William 1996 *Promoting Polyarchy*. Cambridge: Cambridge University Press
- Rueschemeyer, Dietrich, Evelyne Huber Stephens and John Stephens 1992 *Capitalist Development and Democracy*. Chicago: University of Chicago Press.
- Taylor, Peter J. 1996 *The Way the Modern World Works: World Hegemony to World Impasse*. New York: John Wiley.
- Toffler, Alvin 1980 *The Third Wave*. New York: Morrow.
- United Nations 1994 *World Investment Report 1994: Transnational Corporations, Employment and the Workplace*, New York
- Wagar, W. Warren 1992 *A Short History of the Future*. Chicago: University of Chicago Press.

- _____ 1996 "Toward a praxis of world integration" *Journal of World-Systems Research* 2,2 <http://jwsr.ucr.edu/>.
- Wallerstein, Immanuel 1974 *The Modern World-System, Vol. 1*. New York: Academic Press.



Keywords: The global market under British hegemony. Crisis and belle époque: the Edwardian era. The demise of the British-centered global market. The reconstruction of the global market under US hegemony. Crisis and belle époque: the Reagan era. The future of the global market.

By most accounts, the twentieth century has been one of the most revolutionary periods in world history, not just politically but economically and socially as well. In one key respect, however, the end of the century resembles its beginning. The entire world appears to us, as it did a century ago, to be integrated in a single market in which states are said to have no choice but compete intensely with one another for increasingly mobile capital.

Over the last ten years this perception has translated into the notion of “globalization” as a new process driven by major technological advances in the transmission, storage and processing of information. As critics of the notion have pointed out, however, the newness of the railroad, the steamship and the automobile, of the telegraph, the radio and the telephone in their days was no less impressive than the newness of the so-called “information revolution” is today (Harvey, 1995). Even the “virtualization of economic activity” is not as new as it may appear at first sight. A world-encompassing economy sharing close to real-time information first came into existence not in the 1970s but in the 1870s, when a system of submarine telegraph cables began to integrate financial and other major markets across the globe in a way not fundamentally different from today’s satellite-linked markets (Hirst and Thompson, 1996). The speed and density of global networks of transport and communication are of course much greater today than hundred years ago. And yet, only in the 1990s has the degree of mutual integration of the world’s national markets through trade, investment, borrowing and

lending begun to approach the level attained at the beginning of the century (Zevin, 1992; Hirst and Thompson, 1996).

This similarity of conditions between the end and the beginning of the century should not be taken as a sign of continuity. On the contrary, underneath the similarity we can detect a fundamental transformation that destroyed the global market as instituted at the beginning of the century and recreated it on new foundations. This process of global “creative destruction” occurred through unprecedented human cataclysms (wars, revolutions and counterrevolutions) that have left an indelible mark on the twentieth century.

The possibility that an analogous process may characterize also the coming century has been raised recently by one of the most successful global financial operators of our days. Writing in *The Atlantic Monthly*, the Hungarian-born cosmopolitan financier George Soros (“The Capitalist Threat,” 1997) compares the present age of triumphant laissez-faire capitalism with the similar age of a century ago. Notwithstanding the sway of the gold standard and the presence of an imperial power (Britain) prepared to dispatch gunboats to faraway places to maintain the system, the global market that had come into existence in the second half of the nineteenth century eventually broke down. Unless we are prepared to learn from experience, warns Soros, the chances are that also today’s global system of unregulated markets will break down. What is this experience? And what can we learn from it?

THE GLOBAL MARKET UNDER BRITISH HEGEMONY

As David Harvey (1995) has pointed out, it is hard to imagine a more compelling description of “globalization” as we know it today than the one given 150 years ago in *The Communist Manifesto*. Driven by the need of a constantly expanding market, Marx and Engels tell us, the bourgeoisie nestles, settles and establishes connections “over the whole surface of the globe.” As a result, production and consumption acquire a cosmopolitan character. “All old-established national industries... are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe.... In place of the old

local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.”

In reality, the reconstitution of the world market on industrial foundations—as Marx and Engels characterized this process—had hardly begun when *The Communist Manifesto* was first published. In 1848, there was nothing resembling a railway network outside Britain. But over the next thirty years, railways and steamships forged the globe into a single interacting economy as never before. The most remote parts of the world—writes Eric Hobsbawm—began “to be linked together by means of communication which had no precedent for regularity, for the capacity to transport vast quantities of goods and numbers of people, and above all, for speed.” With this system of transport and communication being put in place, world trade expanded at unprecedented rates. Between the mid 1840s and the mid 1870s the volume of seaborne merchandise between the major European states more than quadrupled, while the value of the exchanges between Britain and the Ottoman Empire, Latin America, India and Australasia increased about sixfold (Hobsbawm, 1979).

Contrary to Marx’s and Engels’ highly perceptive vision, the formation of this global market was not the result of blind market forces acting in a political vacuum. Rather, it was the result of entrepreneurial forces acting under the leadership and with the active support of the epoch’s most powerful state—the United Kingdom. It was an expression of British world hegemony.

British world hegemony rested on a combination of many circumstances, three of which are particularly germane to an understanding of the rise and demise of the 19th-century global market. The first was British mastery of the European balance of power. The second was British leadership in the liberalization of trade in the Western world. And the third was British leadership in empire-building in the non-Western world.

Ever since the European system of sovereign states had been formally established by the Treaties of Westphalia (1648), the independence of its constituent units had been guaranteed by balance-of-power mechanism, that is to say, by the tendency of three or more units capable of exerting power to behave in such a way as to combine the power of the weaker units against any increase in power of the strongest. Up to the end of the Napoleonic wars, the mechanism had operated through continuous war between

changing partners. But between 1815 and 1914, Europe came to enjoy the longest period of almost continuous peace in its history. “The fact that in the nineteenth century the same [balance-of-power] mechanism resulted in peace rather than war—notes Karl Polanyi (1957)—is a problem to challenge the historian.”

The anomaly can be traced largely to the fact that the system of sovereign states established at Westphalia was a truly anarchic system—a system, that is, characterized by the absence of central rule—whereas the system that emerged at the end of the Napoleonic wars was not truly anarchic anymore. Juridically, the sovereignty of states was reaffirmed, strengthened and gradually extended to the newly independent settler states of the Americas. Factually, however, the balance-of-power mechanism was transformed into an instrument of informal British rule over the expanded system of sovereign states.

In the course of the Napoleonic wars, Britain had already gained considerable leverage over the European balance of power, thanks to its superior command over extra-European resources. When the wars ended, Britain acted promptly to consolidate this leverage. On the one hand, it reassured the absolutist governments of Continental Europe organized in the Holy Alliance that changes in the balance of power on the Continent would occur only through consultation within the newly established Concert of Europe. On the other hand, it created two major counterweights to the power of the Holy Alliance. In Europe, it requested and obtained that defeated France be included among the Great Powers, albeit held in check by being ranked with second tier powers whose sovereignty was upheld by the Concert. In the Americas, it countered the Holy Alliance’s designs to restore colonial rule by asserting the principle of non-intervention in Latin America, and by inviting the United States to support the principle. What later became the Monroe Doctrine—the idea that Europe should not intervene in American affairs—was initially a British policy.

Through these policies, Britain created the perception that the preservation and consolidation of a fragmented and “balanced” power structure in Continental Europe, which served its national interest, served also a more general interest—the interest of former enemies as well as of former allies, of the new republics of the Americas as well as of the old monarchies of Europe. Britain further encouraged this perception by returning parts of

the East and West Indies to the Netherlands and France and by providing Western governments and businesses with such “collective goods” as the protection of ocean commerce and the surveying and charting of the world’s oceans. A peace process dominated by Britain thus brought into existence conditions for global economic integration more favorable than ever before. For as long as the European balance of power operated through continuous war between changing partners, mercantilist doctrines of national self-sufficiency and exclusive colonial exploitation had a natural appeal among European states. But as soon as Britain succeeded in turning the European balance of power into an instrument of peace, the appeal of national self-sufficiency waned and that of economic interdependence waxed.

This tendency was strengthened further by Britain’s leadership in the liberalization of trade in the Western world—a leadership which materialized in the *unilateral* opening up of Britain’s domestic market and culminated in the repeal of the Corn Laws in 1848 and of the Navigation Acts in 1849. Over the next twenty years, close to one third of the exports of the rest of the world went to Britain—the United States, with almost 25 percent of all imports and exports, being Britain’s single largest trading partner, and European countries accounting for another 25 percent. Massive and rapidly expanding imports cheapened the costs of vital supplies in Britain, while providing the means of payment for the rest of the world to buy British manufactures. A large and growing number of states and territories was thus “caged” in a world-scale division of labor that strengthened each one’s interest in participating in the British-centered global market, the more so as that market became virtually the sole source of critical inputs and sole outlet for remuneratively disposing of outputs.

British mastery of the European balance of power and British leadership in trade liberalization reinforced one another and jointly strengthened the economic interdependence of Western nations mediated by Britain’s role as the workshop and central commercial entrepot of the world. The entire construct, however, rested on Britain’s role as the leading Western imperial power in the non-Western world. It was this leadership that provided Britain with the resources needed to retain control over balance-of-power mechanisms and to practice free trade unilaterally in spite of persistent deficits in its balance of trade.

Critical in both respects was the formation of a British empire in India. India's huge demographic resources buttressed Britain's global power both commercially and militarily. Commercially, Indian workers were transformed from major competitors of European textile industries into major producers of cheap food and raw materials for Europe. Militarily, in Lord Salisbury's words, "India was an English barrack in the Oriental Seas from which we may draw any number of troops without paying for them." Paid entirely by the Indian tax-payer, these troops were organized in a European-style colonial army and used regularly in the endless series of wars (by one count, 72 separate campaigns between 1837 and 1900) through which Britain opened up Asia and Africa to Western trade, investment and influence. They were "the iron fist in the velvet glove of Victorian expansionism.... the major coercive force behind the internationalization of industrial capitalism" (Washbrook 1990).

Equally important, the infamous Home Charges—through which India was made to pay for the privilege of being pillaged and exploited by Britain—and the Bank of England's control over India's foreign exchange reserves, jointly turned India into the "pivot" of Britain's global financial and commercial supremacy. India's balance of payments deficit with Britain and surplus with the rest of the world enabled Britain to settle its deficit on current account with the rest of the world. Without India's forcible contribution to the balance of payments of Imperial Britain, it would have been impossible for the latter "to use the income from her overseas investment for further investment abroad, and to give back to the international monetary system the liquidity she absorbed as investment income." Moreover, Indian monetary reserves "provided a large *masse de manoeuvre* which British monetary authorities could use to supplement their own reserves and to keep London the centre of the international monetary system" (de Cecco, 1984).

In sum, the global market that came into existence in the second half of the nineteenth century through the extension of the industrial revolution to long-distance transport and communication was an expression of Britain's unparalleled and unprecedented global power. In the Western world this power was largely based on consent—on the perception that British dominance served a general Western interest. In the non-Western world, it was largely based on coercion—on Britain's capacity to forcibly extract resources from non-Western peoples. The destruction of the global market in the first

half of the twentieth century was due primarily to a gradual exhaustion of these two sources of Britain's global power.

CRISIS AND BELLE EPOQUE: THE EDWARDIAN ERA

"Once the great investments involved in the building of steamships and railroads came to fruition, whole continents were opened up and an avalanche of grain descended upon unhappy Europe" (Polanyi, 1957). The result was the Great Depression of 1873-96—in David Landes's words, "the most drastic deflation in the memory of man." The collapse of commodity prices brought down returns to capital. Profits shrank and interest rates fell so low as to induce economists "to conjure with the possibility of capital so abundant as to be a free good." Only towards the end of the century, prices began to rise and profits with them. With the improvement in business conditions, the gloom of the preceding decades gave way to a general euphoria. "Everything seemed right again—in spite of rattlings of arms and monitory Marxist references to the 'last stage' of capitalism. In all of western Europe, these years live on in memory as the good old days—the Edwardian era, *la belle époque*" (Landes, 1969).

The *belle époque* did not last long. The "rattlings of arms" was not the harbinger of the "last stage" of capitalism but it did signal the approaching demise of the global market as instituted under British hegemony. As Hobsbawm (1968) put it, "when the economic sun of inflation once more broke through the prevailing fog, it shone on a very different world." Two things above all had changed. The industrial and the imperial underpinnings of British hegemony had been undermined beyond repair. Britain was no longer the workshop of the world, nor was it the only power actively seeking an overseas empire.

The spread of industrialism and imperialism were closely related responses to the disruptions of the Great Depression. The devastation of European agriculture created powerful incentives to industrialize, so as to provide displaced labor, capital and entrepreneurship with alternative forms of employment. Pressure to industrialize, in turn, revived mercantilist tendencies in the form of protectionism at home (to shelter new industries from intensifying global competition) and imperialism abroad (to establish political control over sources of raw materials and outlets for products).

“Imperialism and half-conscious preparation for autarchy were the bent of Powers which found themselves more and more dependent upon an increasingly unreliable system of world economy” (Polanyi, 1957).

Right up to the First World War, the spread of industrialism and mercantilism did not lessen Britain’s role as the central clearing house of the global market. On the contrary, it was precisely at this time of waning industrial and imperial supremacy that Britain benefited most from being the central entrepot of world commerce and finance. “As [Britain’s] industries sagged, her finance triumphed, her services as shipper, trader and intermediary in the world’s system of payments, became more indispensable. Indeed if London ever was the real economic hub of the world, the pound sterling its foundation, it was between 1870 and 1913” (Hobsbawm, 1968).

As Halford Mackinder pointed out at the turn of the century in a speech delivered to a group of London bankers, the industrialization of other countries enhanced the importance of a single clearing house. And the world’s clearing house “will always be where there is the greatest ownership of capital.” The British “are essentially the people who have capital, and those who have capital always share in the activity of brains and muscles of other countries” (quoted in Hugill, 1993).

In this respect, Britain’s position in the Edwardian era resembled that of all previous leaders of world capitalism in the concluding phases of their respective leaderships. As Fernand Braudel observed in *Les temps du monde* (1979), all major expansions of world trade and production have resulted in an overaccumulation of capital beyond the normal channels of profitable investment. Whenever this happened, the organizing centers of the expansion were in a position to reaffirm, for a while at least, their dominance over world-scale processes of capital accumulation through greater specialization in financial intermediation. This has been the experience, not just of Britain in the Edwardian era, but also of Holland in the 18th century and of the Genoese capitalist diaspora in the second half of the 16th century. As we shall see, it has been also the experience of the United States in the *belle époque* of the Reagan era.

At the roots of all these experiences we can detect a double tendency engendered by the overaccumulation of capital. On the one hand, capitalist organizations and individuals respond to the accumulation 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 an overabundant mass of liquidity that can be mobilized directly or through intermediaries in speculation, borrowing and lending. On the other hand, territorial organizations respond to the tighter budget constraints that ensue from the slow-down in the expansion of trade and production by competing intensely with one another for the capital that accumulates in financial markets. This tendency brings about massive, systemwide redistributions of income and wealth from all kinds of communities to the agencies that control mobile capital, thereby inflating and sustaining the profitability of financial deals largely divorced from commodity trade and production (Arrighi, 1994).

The organizing centers of the world-economic expansion that is coming to an end are uniquely well positioned to turn to their advantage this double tendency. Centrality in global networks of trade easily translates into privileged access to the global supply of surplus capital. This privileged access, in turn, enables the still dominant centers to profit handsomely from the escalating competition for mobile capital that pits states against one another. It was a mechanism of this kind that enabled Britain, or at least its capitalist classes, to go on profiting from the activities of brains and muscles of other countries long after the mid-19th-century world trade expansion centered on Britain had run out of steam. But Britain’s capacity to go on profiting in this way, like that of its Dutch and Genoese predecessors, was not unlimited. As Braudel underscores, the recurrent dominance of finance capital is “a sign of autumn.” It is the time when the leader of the preceding expansion of world trade reaps the fruits of its leadership by virtue of its commanding position over world-scale processes of capital accumulation. But it is also the time when that commanding position is irremediably undermined.

In Britain’s case, the spread of industrialism left British commercial and financial supremacy more or less intact. But its effects on the geopolitical foundations of that supremacy were deleterious. German industrialization in particular, stands out as “the most important development of the half-century that preceded the First World War—more important even than the comparable growth of the United States, simply because Germany was enmeshed in the European network of power and in this period the fate of the world was in Europe’s hands” (Landes 1969; see also Kennedy, 1987).

In this connection, it is important to bear in mind that the spread of industrialism in general, and German industrialization in particular, were no mere responses to the disruptions and dislocations of the Great Depression of 1873-96. They reflected also the ongoing application of the products and processes of the industrial revolution to the art of war—what William McNeill (1982) has called the “industrialization of war.” As a result of this application, by the 1970s relative industrial capabilities had become the single most important determinant of the balance of power among Western states.

The change originated in the mid-19th century, when the French navy launched ever-more sophisticated armored steamships that seriously threatened British naval supremacy. Each French breakthrough provoked immediate countermoves in Great Britain, accompanied by public agitation for larger naval appropriations. As other states entered the armaments race and commercial competition added its force to national rivalry, the industrialization of war acquired a momentum of its own that neither Britain nor France, separately or jointly, could control. By the 1860s, a global, industrialized armaments business had emerged. “Even technically proficient government arsenals like the French, British, and Prussian, faced persistent challenge from private manufacturers, who were never loath to point out the ways in which their products surpassed government-made weaponry” (McNeill, 1982).

By expanding the range and freedom of action of sea powers, steamship technology correspondingly reduced the freedom of action of land powers. The land powers could recoup the loss only by mechanizing their overland transport system and by stepping up their own industrialization. The construction of efficient national railway systems thus came to be perceived as an integral aspect of war-and-state-making activities, not just in Russia, but in Central and Southern Europe as well, most notably in Prussia/Germany and Piedmont/Italy. The forward and backward linkages of European railway construction, in turn, became the single most important factor in the narrowing of the industrialization gap between Britain and continental European states.

In these and other ways, the spread of industrialism revolutionized strategic geography destroying simultaneously Britain’s mastery of the European balance of power and British supremacy of the world’s oceans. The insecurity

and growing militarism and Jingoism of Edwardian Britain “arose because the world seemed suddenly filled with industrial powers, whose metropolitan bases in terms of resources and manpower and industrial production were potentially much more powerful than Britain’s” (Gamble, 1985). The rapid industrialization of Germany was particularly upsetting for the British, because it created the conditions for the rise of a land power in Europe capable of aspiring to Continental supremacy and of challenging Britain’s maritime supremacy. After 1902, the race in armored steamships with Germany forced Britain to reconcentrate its navy in North Sea home waters, seriously undermining Britain’s capacity to police its world-encompassing empire. This shift in the European and global balance of power “underlay the gradual re-forming of forces that culminated in the Triple Entente and Triple Alliance; it nourished the Anglo-German political and naval rivalry, as well as French fears of their enemy east of the Rhine; it made war probable and did much to dictate the membership of the opposing camps” (Landes, 1969).

THE DEMISE OF THE BRITISH-CENTERED GLOBAL MARKET

The sudden increase in governmental expenditures that preceded the First World War further strengthened the British-centered financial expansion. But once the war came, its astronomical costs destroyed in a few years the foundations of British financial supremacy. During the war, Britain continued to function as the banker and loan-raiser on the world’s credit markets, not only for itself but also by guaranteeing loans to Russia, Italy and France. This looked like a repetition of Britain’s eighteenth-century role as “banker of the coalition” during the wars against France. There was nonetheless one critical difference: the huge trade deficit with the United States, which was supplying billions of dollars’ worth of munitions and foodstuffs to the Allies but required few goods in return. “Neither the transfer of gold nor the sale of Britain’s enormous dollar securities could close this gap; only borrowing on the New York and Chicago money markets, to pay the American munitions suppliers in dollars, would do the trick” (Kennedy, 1987).

When Britain’s own credit approached exhaustion, the US threw its economic and military weight in the struggle, tilting the balance to its debtors’ advantage. The mastery of the European balance of power, which had belonged to Britain, now belonged to the United States. The insularity that

the English Channel no longer provided, the Atlantic still did. More important, as innovations in means of transport and communications continued to overcome spatial barriers, America's remoteness became less of a disadvantage commercially and militarily. "Indeed, as the Pacific began to emerge as a rival economic zone to the Atlantic, the USA's position became central—a continent-sized island with unlimited access to both of the world's major oceans" (Goldstein and Rapkin, 1991).

The idea of forging this "continent-sized island" into an integrated agro-industrial complex gained currency very early in US politics. The notion of an "American system" is in fact as closely associated with the protectionist program put forward by Henry Clay in his 1824 tariff speech before the US House of Representatives, as it is with the distinctly "American system of manufacture" that emerged in the production of small arms and other machine-produced artifacts in the middle of the 19th century. "Internal improvement, and protection of American interests, labor, industry and arts"—wrote one of Clay's contemporaries—"are commonly understood to be the leading measures, which constitute the American system" (Hounshell, 1984).

A truly integrated US Continental System, however, was realized only after the Civil War of 1860-65 eliminated all political constraints on the national-economy-making dispositions of Northern industrial interests. As wave after wave of mostly British financed railway construction swept the Continent, the United States' privileged access to the world's two largest oceans was established, and a full complement of exceptional productive capabilities—not just in industry but as well, and in particular, in agriculture—was brought into existence. At least potentially, this giant island was also a far more powerful military-industrial complex than any of the analogous complexes that were coming into existence in Europe. By the 1850s the US had become a leader in the production of machines for the mass production of small arms. In the 1860s, a practical demonstration of this leadership was given in the Civil War, "the first full-fledged example of an industrialized war." The US government's decision to downsize its military establishment after the Civil War froze only temporarily US leadership in industrialized warfare. "The explicit policy and potential military might of the US, briefly apparent during and at the close of the Civil War, warned European powers away from military adventure in the New World" (McNeill, 1982).

Even before the First World War, therefore, the United States had emerged interstitially as a regional power that seriously limited the global power of hegemonic Britain. The emergence of the north American giant began to undermine also Britain's financial supremacy. In 1910, the United States already controlled 31 percent of the world's official gold reserves, while the Bank of England regulated the entire world monetary system with gold reserves amounting to less than 15 percent of the US reserves. As long as the United States was heavily indebted to Britain—as it was right up to 1914—this situation did not interfere with the City of London commanding position in high finance, because British credits towards the United States constituted a claim on US gold reserves and, therefore, were as good as gold. However, as soon as the US bought back its debt from the British—as it did during the First World War by supplying Britain with armaments, machinery, food and raw materials far in excess of what the British could pay out of their current incomes—US reserves ceased to supplement colonial sterling reserves as the hidden prop of the British world monetary system.

Britain's liquidation of its US assets during the war weakened irremediably London's financial position and left the Bank of England in charge of regulating the world monetary system with wholly inadequate reserves. At the same time, US liquidity was set free for foreign and domestic lending on a massive scale. Within a decade, it became clear that the weakened world monetary system centered on London could not bear the strain of the ebbs and flows of US capital. Between 1924 and 1929, the US loaned abroad almost twice as much as Britain (Kindleberger, 1973). But already in 1927, the mounting boom on Wall Street began diverting US funds from foreign to domestic investment, acting "like a powerful suction pump." US foreign lending dropped from more than \$1,000 million in 1927 to \$700 million in 1928, and in 1929—when \$800 million of debt service payments on dollar debts came due—it turned negative (Eichengreen and Portes, 1990).

Although the first signs of an imminent collapse of the London-centered world monetary system came from the crash on Wall Street and a run on banks in the US southeast, the weakest link of the international financial structure was not in the United States but in Europe. The collapse of the great Credit-Anstalt bank of Vienna in May 1931 led to a run in Germany on the even larger Donatbank, which also collapsed. The London money market began to crack under the strain, and on September 21 Britain went

off the gold standard, followed by another twenty-one countries around the world (Marichal, 1989; Kindleberger, 1988).

On the eve of the Crash of 1929, Norman H. Davis, a Wall Street banker and former Undersecretary of State, issued an ominous warning to the US government. After arguing that the solvency of Europe in servicing or repaying its debts to the US was wholly dependent on US leadership in curtailing trade barriers, he went on to paint a highly prescient picture of what might otherwise happen. “The world has become so interdependent in its economic life that measures adopted by one nation affect the prosperity of others. No nation can afford to exercise its rights of sovereignty without consideration of the effects on others. National selfishness invites international retaliation. The units of the world economy must work together, or rot separately” (quoted in Frieden, 1987).

Davis’ advice fell on deaf ears. The United States did lead Europe but in a direction opposite to that advocated by the Wall Street banker. The Great Crash had yet to occur when, in May 1929, the House of Representatives passed the astronomical Smoot-Hawley Tariff Bill. After the Crash, in March 1930, also the Senate passed the Bill, which became law in June. The effects on the cohesion of what was left of the British-centered global market were devastating. The conference that was convened to settle the details of a tariff truce—which the US did not even bother to attend—led to nothing. Worse still, the Bill set off a wave of reprisals by nine countries directly, and many more indirectly. Britain’s system of imperial preferences established by the Ottawa Agreement of 1932 was itself largely inspired by Canada’s reaction to the Smoot-Hawley Tariff (Kindleberger, 1973).

The signing of the Smoot-Hawley Bill—wrote Sir Arthur Salter in 1932—was “a turning point in world history” (quoted in Kindleberger, 1973). Polanyi identified such a turning point in 1931—the year of the final collapse of the gold standard. Be that as it may, the two events were closely related aspects of a single breakdown—the final breakdown of the nineteenth-century global market. “In the early 1930s, change set in with abruptness. Its landmarks were the abandonment of the gold standard by Great Britain; the Five-Year Plans in Russia; the launching of the New Deal; the National Socialist Revolution in Germany; the collapse of the League in favor of autarchist empires. While at the end of the Great War nineteenth century ideals were paramount, and their influence dominated the following decade, by 1940 every vestige of the international system had disappeared

and, apart from a few enclaves, the nations were living in an entirely new international setting” (Polanyi, 1957).

THE RECONSTRUCTION OF THE GLOBAL MARKET UNDER US HEGEMONY

The 1940 international setting was not as new as Polanyi claimed. Except for its unprecedented scale, brutality and destructiveness, the military confrontation that set the great powers against one another resembled the confrontation that led to the establishment of British world hegemony in the early 19th century. Soon, this confrontation too translated into the establishment of a new world hegemony and a new world order—an order now centered on and organized by the United States. By the time the Second World War was over, the main contours of the new order had taken shape: at Bretton Woods the foundations of a new monetary system had been established; at Hiroshima and Nagasaki new means of violence had demonstrated the military underpinnings of the new order; and at San Francisco new norms and rules for the legitimization of state-making and war-making had been laid out in the charter of the United Nations.

When this new world order was established, there was no global market to speak of. Once the British-centered global market collapsed in the early 1930s, in Hobsbawm’s words (1992), “world capitalism retreated into the igloos of its nation-state economies and their associated empires”. The global market that came into existence in the second half of the century under US hegemony was as much a political construct as the global market that had collapsed in the first half of the century. But it was a substantially different construct. As a Study Group established in the early 1950s under the sponsorship of the Woodrow Wilson Foundation and of the National Planning Association emphasized, the United States could not promote world economic integration by means similar to those deployed by Britain in the 19th century. These means were inseparable from Britain’s “dependence on foreign trade, the pervasive influence of its commercial and financial institutions, and the basic consistency between its national economic policies and those required for world economic integration.” The United States, in contrast, was “only partially integrated into the world economic system, with which it [was] also partly competitive, and whose accustomed mode and pace of functioning it tends periodically to disturb. No network of American commercial and financial institutions exists to bind together

and to manage the day-to-day operations of the world trading system” (National Planning Association 1955).

This difference goes a long way in explaining, first, why in the 1930s Norman Davis’ exhortations to the US government to lead Europe in the liberalization of trade fell on deaf ears and, second, why the global market created by the United States after the Second World War differed substantially from that created by Britain in the 19th century. Norman Davis and other spokesmen for Wall Street were of course highly insightful in foreseeing that the unwillingness of nations to “work together” within the disintegrating world market meant that the nations would soon “rot separately.” Nevertheless, it does not follow from this diagnosis that it was in the power or indeed in the interest of the United States to reverse the final demise of the global market as instituted under British hegemony.

The root cause of this demise was the growing dependence of the great powers of Europe on an increasingly unreliable global market. The ensuing political tension had exploded in 1914. The First World War and the Versailles Treaties eased the tension superficially by eliminating German competition. But the weakening of the global market’s financial center reduced further its reliability. Under these circumstances there was little that the United States could have done to prevent the final breakdown of the global market, had its leadership been so inclined. In the 1920s the United States already accounted for over 40 percent of world production but had not “developed into the ‘natural’ center for intermediation in international economic exchanges that London had been.” It remained “an insular giant...weakly integrated into the world economy”. Its financial system “could not have produced the necessary international liquidity...through a credit-providing network of banks and markets.... London had lost its gold, but its markets remained the most important single centre for global commercial and financial intermediation” (Ingham, 1994).

At the same time, structural self-sufficiency, continental insularity, and competitiveness in the industrial production of means of war, put the United States in a unique position, not just to protect itself, but to profit even more massively than during the First World War from the breakdown of the British-centered global market. Initially the breakdown had more devastating effects on the US domestic economy than it did on the British economy. Nevertheless, the social and economic restructuring that occurred

under Roosevelt’s New Deal in direct response to these effects strengthened further the US position in the Second World War. “If before the war America’s economy was one among other great economies, after the war it became the central economy in a rapidly developing world economy. If before the war America’s military had only sporadic significance in the world’s conflicts, after the war its nuclear umbrella backed by high-technology conventional forces terrorized one part of the world and gave security to the other” (Schurmann, 1974).

While boosting US power and wealth, the Second World War also revealed their insecure foundations in an increasingly chaotic world. In Franz Schurmann’s words, “security and fear were symbolic of the major world view that governed the United States at the end of World War II—chaos produced fear which could only be combatted with security.” This world view had already formed under Roosevelt during the war and rested on the same ideology of security that had informed the US New Deal. “The essence of the New Deal was the notion that big government must spend liberally in order to achieve security and progress. Thus postwar security would require liberal outlays by the United States in order to overcome the chaos created by the war” (Schurmann, 1974).

In Roosevelt’s vision of a globalization of the US New Deal, the United Nations was supposed to become the nucleus of a world government that the United States would dominate much as the Democratic Party dominated the US Congress. Whereas the League of Nations was guided by an essentially 19th-century conception of international relations, the United Nations was openly guided by US constitutional principles. “The American Revolution had proven that nations could be constructed through the conscious and deliberate actions of men.... What Roosevelt had the audacity to conceive and implement was the extension of this process of government-building to the world as a whole” (Schurmann 1974).

The Bretton Woods Agreements—which initiated the reconstruction of the global market under US hegemony—were integral to this project. Just as the US New Deal had been premised on the transfer of control over US national finances from private to public hands, so the postwar global New Deal was premised on an analogous transfer at the world-economic level. As Henry Morgenthau argued at the time of the Bretton Woods Agreements, support for the UN meant support for the IMF because

security and monetary institutions were complementary, like the blades in a pair of scissors (cited in Calleo and Rowland, 1973). Indeed, the primary significance of Bretton Woods in the reconstruction of the global market was not so much the gold-dollar-exchange standard envisaged by the Agreements, nor the international monetary organizations created by them (the IMF and the World Bank), but the substitution of public for private regulation in high finance—in itself a major departure from the global market as instituted under British hegemony (Ingham, 1994).

This substitution was nonetheless not enough to bring about the kind of massive redistribution of liquidity and other resources from the United States to the world at large that was needed to overcome the chaos created by the war. Once the war was over, the only form of redistribution of world liquidity that met no opposition in the US Congress was private foreign investment. Plenty of incentives were created to increase the flow of US capital abroad. But all the incentives notwithstanding, US capital showed no disposition to break the vicious circle that was constraining its own global expansion. Scarce liquidity abroad prevented foreign governments from removing exchange controls; exchange controls discouraged US capital from going abroad; and small flows of US private foreign investment kept liquidity scarce abroad (Block, 1977).

The vicious circle was eventually broken only through the “invention” of the Cold War. What cost-benefit calculations and appeals to *raison d'état* could not achieve, fear of a global communist menace did. As long as surplus capital stagnated within the US and its regional hinterlands (Canada and Latin America), chaos in Eurasia continued to escalate and to create a fertile ground for the take over of state power by revolutionary forces. The genius of President Truman and of his advisers was to attribute the outcome of systemic circumstances that no particular agency had created or controlled to the allegedly subversive dispositions of the other military superpower, the USSR (McCormick, 1989).

By so doing, Truman turned Roosevelt’s “one-worldist” vision of US hegemony—which aimed at weaving the USSR into the new order—into a “free-worldist” policy of containment directed against the USSR. And yet, “the kinds of policies that containment dictated for the free world were essentially those already sketched out in Roosevelt’s vision: American military power strategically placed throughout the world, a new monetary

system based on the dollar, economic assistance to the destroyed countries, political linkages realized through the United Nations and other international agencies” (Schurmann, 1974).

At the same time, building up Western Europe and Japan as bastions and showpieces of a global market economy centered on and organized by the United States was a far more concrete and attainable objective than Roosevelt’s idea of remaking the entire world in the American image. The Marshall Plan was the first step in the pursuit of this objective. However, its effectiveness was seriously constrained throughout the late 1940s by a continuing dollar shortage. Balance of payment difficulties compounded national jealousies in preventing progress within the Organization for European Economic Cooperation (OEEC) in general, and in European interstate monetary cooperation in particular.

European integration and world-economic expansion required a far more comprehensive recycling of world liquidity than that involved in the Marshall Plan and other aid programs. This more comprehensive recycling eventually materialized through the most massive rearmament effort the world had ever seen in times of peace. As its architects—Secretary of State Acheson and Policy Planning Staff chief Paul Nitze—well realized, only an effort of this kind could overcome the limits of the Marshall Plan. “Domestic rearmament would provide a new means to sustain demand so that the economy would no longer be dependent on maintaining an export surplus. Military aid to Europe would provide a means to continue providing aid to Europe after the expiration of the Marshall Plan. And the close integration of European and American military forces would provide a means to prevent Europe as an economic region from closing itself off from the United States” (Block, 1977).

Massive rearmament during and after the Korean war did indeed solve once and for all the liquidity problems of the postwar world economy. Military aid to foreign governments and direct US military expenditures abroad—both of which grew constantly between 1950 and 1958 and again between 1964 and 1973—provided world trade and production with all the liquidity they needed to expand. And with the US government acting as a highly permissive world central bank, world trade and production did expand at unprecedented rates. According to Thomas McCormick (1989) the 23-year period inaugurated by the Korean War and concluded by the

Paris peace accords in early 1973, which virtually ended the Vietnam War, was “the most sustained and profitable period of economic growth in the history of world capitalism.”

This is the period that has been widely acclaimed as “the Golden Age of Capitalism” (see, among others, Marglin and Schor, 1991 and Hobsbawm, 1994). There can be little doubt that the expansion of world trade and production in the 1950s and 1960s was exceptional by historical standards. But so was expansion in the 1850s and 1860s—the period that Hobsbawm (1979) has called the “Age of Capital.” Which age was more “golden” for world capitalism, it is hard to tell. But for our purposes the two periods had two important features in common. First, they were both periods of reconstitution of the global market by the world’s most powerful state. And second, they both ended in a crisis of overaccumulation followed by a worldwide financial expansion.

CRISIS AND BELLE EPOQUE: THE REAGAN ERA.

Once the Western European and Japanese industrial apparatuses had been rebuilt and upgraded technologically and organizationally to match US standards, the cooperative relations among the main centers of capital accumulation on which the great expansion of the 1950s and 1960s was based gave way to an increasingly intense mutual competition. In the 1870s, a similar intensification of intercapitalist competition translated into rapidly falling prices for products—“the most drastic deflation in the memory of man” discussed earlier. In the late 1960s and early 1970s, in contrast, the intensification of intercapitalist competition translated into rapidly rising prices for primary inputs: first of labor—what E.H. Phelps-Brown (1975) aptly called the “pay explosion” —and then of energy.

Real wages in Western Europe and North America had been rising throughout the 1950s and 1960s. But whereas before 1968 they rose more slowly than labor productivity (in Western Europe) or in step with it (in the United States), between 1968 and 1973 they rose much faster, thereby provoking a major contraction in returns to capital invested in trade and production. The pay explosion was still in full swing when at the end of 1973 an equally powerful upward pressure on the purchase prices of select primary products materialized in the first “oil shock.” Between 1970 and 1973 this upward pressure had led already to a twofold increase in the price

of crude oil imported by OECD countries. But in 1974 alone that same price increased threefold, deepening further the crisis of profitability (Armstrong and Glyn, 1986; Itoh, 1990).

In spite of their different manifestations, the crises of profitability of the 1870s and of the 1970s were both crises of overaccumulation—crises, that is, due to an accumulation of capital over and above what could be reinvested profitably in established channels of trade and production. And in both crises capitalist organizations responded to the consequent squeeze on profits by diverting a growing proportion of their incoming cash flows from production and trade in commodities to hoarding, lending, borrowing and speculating in financial markets. Thus, in the critical years 1968-73 deposits in the Eurodollar market experienced a sudden upward jump followed by twenty years of explosive growth. And it was during these same six years that the system of fixed parities between the main national currencies and the US dollar and between the US dollar and gold—which had been in force throughout the great expansion of the 1950s and 1960s—was abandoned in favor of floating exchange rates.

These were distinct but mutually reinforcing developments. On the one hand, the accumulation of a growing mass of world liquidity in deposits that no government controlled put increasing pressure on governments to manipulate the exchange rates of their currencies and interest rates so as to attract or repel liquidity held in offshore markets in order to counter shortages or surfeits in their domestic economies. On the other hand, continuous changes in exchange rates among the main national currencies and in rate-of-interest differentials multiplied the opportunities for capital held in offshore money markets to expand through trade and speculation in currencies. As a result of these mutually reinforcing developments, by the mid 1970s the volume of purely monetary transactions carried out in offshore money markets already exceeded the value of world trade many times over (Arrighi, 1994).

This tendency towards an explosive growth of offshore money markets that no government controlled—and the consequent resurgence of private high finance entailed by this tendency—originated in the disposition of US multinationals and banks to avoid taxation and regulation in the United States by “parking” their profits and surplus funds in dollar denominated deposits in London and other European financial centers (de Cecco, 1982;

Frieden, 1987). But the tendency received a powerful boost by the increase in oil prices. Already before 1973, this increase was generating “oil rents” well in excess of what their recipients could spend usefully or productively. But the oil shock of late 1973, “not only produced the \$80 billion surpluses of ‘petrodollars’ for the banks to recycle, thus swelling the importance of the financial markets and the institutions operating in them, but it also introduced a new, sometimes decisive and usually quite unpredictable factor affecting the balance of payments positions of both the consumer, and eventually the producing, countries” (Strange, 1986). The largest oil-consuming countries were of course the major capitalist states themselves. Their attempts to protect their domestic economies from the growing uncertainty of energy supplies through deflationary policies aimed at producing a trade surplus in their balance of payments, or through borrowing in the Eurocurrency market, intensified further intercapitalist competition and added new fuel to the ongoing financial expansion (Arrighi, 1994).

Throughout the 1970s, however, the diversion of capital from trade and production to financial markets failed to revive profitability and to resolve the underlying crisis of overaccumulation. As in the Great Depression of 1873-96, the overabundance of capital relative to profitable outlets drove profits and interest rates so low as to give the impression that capital had become a free good. Although nominal rates of interest were rising, they were not rising fast enough to keep up with inflation, so that in the mid-1970s real interest rates plunged below zero (World Bank 1985).

It was only at the end of the 1970s and, above all, in the early 1980s that the situation changed radically. All of a sudden capital became a scarce good again, real interest rates shot up, and returns to capital in financial markets rose to unprecedented levels. As in the Edwardian *belle époque*, everything seemed right again for the propertied classes, in spite of a further slowdown in the rate growth of world production, a major deterioration in relations between the two superpowers and a new escalation in their armament race—what Fred Halliday (1986) has called the Second Cold War. The capitalist euphoria reached new heights at the end of the 1980s when the Second Cold War ended with the disintegration of the Soviet empire in Eastern Europe, and shortly afterwards of the USSR itself.

At the roots of this magic turnaround in capitalist fortunes we can detect a major reversal in US policies. When the gold-dollar standard estab-

lished at Bretton Woods collapsed between 1968 and 1973, the US government lost much of the control that it previously exercised on the global supply of money. But since there was no viable alternative to the dollar as the principal international reserve currency and medium of exchange, the abandonment of the gold-dollar-exchange standard resulted in the establishment of a pure dollar standard (Cohen, 1977). For about five years—from 1973 to 1978—this pure dollar standard seemed to endow the US government with an unprecedented freedom of action in expanding the global supply of money, because it eliminated any need to control US balance of payments deficits. The continuing expansion of Eurodollar markets did of course create an additional source of world money, which the US government did not control and which other governments could tap. Nevertheless, borrowing in the Eurodollar market was subject to conditions of credit-worthiness which, as a rule, included restraint in running balance of payments deficits and minimal adherence to the principles of “sound money.” Only the US was in a position to tap the resources of the rest of the world virtually without restriction, simply by issuing its own currency (Parboni, 1981).

US seigniorage privileges, however, were not as unlimited as they appeared in the mid-1970s. Only a fraction of the liquidity created by the US monetary authorities found its way in new trade and production facilities. Most of it turned into petrodollars and Eurodollars, which reproduced themselves many times over through the mechanisms of private interbank money creation and promptly reemerged in the global market as competitors of the dollars issued by the US government.

In the last resort, this growing competition between private and public money benefited neither the US government nor US business. On the one hand, the expansion of the private supply of dollars set an increasingly larger group of countries free from balance-of-payments constraints in the competitive struggle over the world’s markets and resources, and thereby undermined the seigniorage privileges of the US government. On the other hand, the expansion of the public supply of dollars, fed offshore money markets with more liquidity than could possibly be recycled safely and profitably. It thereby forced the banks that controlled the Eurodollar business (many of them American) to compete fiercely with one another in pushing money on countries deemed credit-worthy, and indeed in lowering the standards by which countries were deemed credit-worthy. If pushed too far, this competi-

tion could easily result in the common financial ruin of the US government and of US business.

By 1978 the threat of an imminent demise of the US dollar as world money (either through a catastrophic collapse of the US domestic and global credit system or through the rise of an alternative reserve currency such as the ECU) had become quite real. When on October 6, 1979 the Chairman of the US Federal Reserve, Paul Volker began taking forceful measures to restrict the supply of dollars and to bid up interest rates in world financial markets, he was responding to a crisis of confidence in the dollar—to the fact, that is, that for the second time in a year corporations, banks, central banks, and other investors had stopped accepting dollars as the universal currency. “[I]t became obvious to Volker that a collapse of the dollar was a very real possibility perhaps leading to a financial crisis and pressure to remonetize gold, which the United States had fought doggedly for over a decade.” And when a few months later the “flight of hot Arab money into gold” in the wake of the Iranian crisis and the Soviet invasion of Afghanistan pushed gold prices to an all-time high of \$875, he took even harsher measures to stop the growth of the US and global money supply (Moffitt 1983).

This switch from highly permissive to highly restrictive monetary policies in support of “sound money”—undertaken in the last year of the Carter Administration—initiated the abandonment under Reagan of the ideology and practice of the New Deal. Just as the launching of the New Deal and its subsequent globalization under Roosevelt and Truman were premised on the transfer of control over high finance from private to public hands, so its abandonment under Reagan was premised on the resurgence of private high finance at the commanding heights of the global economy. This resurgence had begun in the 1970s under the impact of the crisis of overaccumulation and related collapse of Bretton Woods monetary system, but it came of age only in the 1980s under the impact of the great reversal in US policies initiated by Volker and brought to its logical conclusions by the Reagan Administration.

The essence of the reversal was a shift of the US government from being a competitor of private high finance—as it essentially was throughout the 1970s—to being its most faithful and powerful supporter. Volker’s deflationary maneuver in support of the US dollar was only the first step

in this direction. Then came a major “deregulation” drive aimed at creating in the United States conditions as favorable as anywhere else in the world for financial speculation. Finally, and most important, came one of the most spectacular expansions of state indebtedness in world history and a consequent major escalation in interstate competition for mobile capital. When Reagan entered the White House in 1981, the federal budget deficit stood at \$74 billion and the total national debt at \$1 trillion. By 1991 the budget deficit had quadrupled to more than \$300 billion a year and the national debt had quadrupled to nearly \$4 trillion. As a result, in 1992 net federal interest payments amounted to \$195 billion a year, and represented 15 percent of the total budget—up from \$17 billion and 7 percent in 1973. “Formerly the world’s leading creditor, the United States had borrowed enough money overseas—shades of 1914-45 Britain—to become the world’s leading debtor” (Phillips 1994).

We shall later return to Kevin Phillips’ passing reference to “shades of Britain 1914-45.” For now, however, let us emphasize how the combined effect of monetary orthodoxy in support of “sound money,” “deregulation” of financial and other markets, and escalation of the US national debt was to shift the burden of intensifying competition from the ranks of capital onto the shoulders of states all over the world. And as global competition for mobile capital intensified, the self-expansion of capital in financial markets became explosive. In the 1980s, the total value of financial assets increased two and a half times faster than the aggregate GDP of all rich countries; and the volume of trading in currencies, bonds and equities five times faster (Sassen, 1996).

It was in this context that the notion of “globalization” as a new condition in which even the most powerful of states had no alternative but obey the dictates of global market forces gained currency. According to Fred Bergsten, by the 1995 Halifax meeting of the Group of Seven (G-7) the “immense flow of private capital [had] intimidated the officials from any effort to counter them.” In reporting this assessment, Eric Petersen wondered whether those flows could be countered at all and envisioned a “coming hegemony of global markets.” As the “competition for global capital” intensifies, deterritorialized market forces (primarily business organizations but also some individuals) place increasingly narrower constraints on the economic policies of even the largest of nations, the United States included.

“They will also have an impact on the U.S. capacity to carry out effective security and foreign policies abroad and will determine the extent to which Washington can maintain its world leadership role” (Petersen 1995).

The idea of a general disempowerment of states vis-a-vis global market forces has been challenged on various grounds. Some critics have pointed out that states have been active participants in the process of integration and deregulation of nationally segmented and publicly regulated financial markets. Moreover, this active participation occurred under the aegis of neoliberal doctrines of the minimalist state that were themselves propagated by particular states—most notably, Britain under Margaret Thatcher and the United States under Ronald Reagan. To be sure, even if it originated in state action, globalization may have acquired a momentum that makes its reversal by states impossible or undesirable because of the costs involved. However, there is no agreement among analysts on the extent to which globalization, whether reversible or not, actually constrains state action (for a survey of the different positions, see Cohen 1996).

Some analysts even interpret globalization as the expression of the further empowerment of the United States. Indeed, various aspects of the seemingly global triumph of Americanism that accompanied the financial expansion of the 1980s are themselves widely perceived as signs of globalization. The most widely recognized signs are the growing importance of agencies of world governance that are influenced disproportionately by the United States and its closest allies, such as the UN Security Council, NATO, the G-7, the IMF, the World Bank and the newly formed World Trade Organization (Sassen 1996; see also Gill 1990 and Sklair 1991).

Our account of the unmaking and remaking of the global market in the 20th century concurs with the idea that the financial expansion of the 1980s was the outcome of state action—most notably the 1979-82 reversal in US economic policies—and that the expansion has indeed resulted in a reflation of US power. But it concurs also with the idea that there is much *deja vu* in the tendencies that are hailed as the great novelties of the late 20th century. Like Harvey, Hirst and Thompson, Zevin, Soros and many others we see important analogies between the present, US-centered financial expansion and the British-centered financial expansion of the late-19th and early-20th centuries. Indeed, following Braudel, we went further and suggested that these expansions had earlier precedents in the 18th and 16th centuries.

As argued at length elsewhere (Arrighi, 1994; Arrighi, Silver et al, 1999), all these expansions have been the closing moments of successive stages in the formation of the global market. In each of them, the governmental and business organizations that had reconstituted the global market on new foundations were also best positioned to reap the benefits, and shift on others the burdens, of the intensifying competition that ensued from the reconstitution. In this respect, the United States in the 1980s and 1990s has simply replicated on a larger scale and with a faster tempo the earlier experiences of its British, Dutch, and Genoese predecessors. but in all these earlier experiences, the financial expansions were also moments of change of guard at the commanding heights of world capitalism—a change of guard that invariably occurred through a disintegration of the global market as instituted under the old guard. What are the chances that this will also be the experience of the United States and today’s global market? By way of conclusion, let us assess these chances through a brief comparison of present circumstances with those that led to the demise of the British-centered global market in the first half of the 20th century.

THE FUTURE OF THE GLOBAL MARKET

A first consideration concerns geopolitics. The British-centered global market was built from the bottom up on the basis of Britain’s mastery of the European balance of power and leadership in empire-building in the non-Western world. As soon as the spread of industrialism undermined these two conditions, the global market began to fracture under the impact of resurgent mercantilisms and competing imperialisms and eventually collapsed under the impact of generalized war among actual or would-be great powers.

Under US hegemony, in contrast, the global market was rebuilt from the top down as a conscious act of world government premised on the double supersession of balance-of-power politics and Western colonialism in the non-western world. Integral to this conscious act of world government was the creation of supranational organizations (most notably the UN and Bretton Woods institutions) that extended sovereignty rights to non-Western peoples (thereby legitimating the ongoing process of decolonization) but simultaneously deligitimated the balance-of-power mechanisms that had previously guaranteed the sovereign equality of states. The “sovereign equal-

ity” upheld in the charter of the United Nations for all its members was “specifically supposed to be legal rather than factual—the larger powers were to have special rights, as well as duties, commensurate with their superior capabilities” (Giddens, 1987; see also Arrighi, Silver et al, 1999).

This radical transformation of the modern system of sovereign states was based on, and in turn consolidated, the unprecedented centralization of global military capabilities brought about by the industrialization of war. This centralization received a new powerful impulse by the development of nuclear weapons during the Second World War, the launching of the Soviet *Sputnik* in 1957, and the US space program in 1961. In spite of General de Gaulle’s attempts to keep up with these developments, global military capabilities became an effective “duopoly” of the United States and the USSR.

Under this duopoly, a “balance of terror” rather than a balance of power kept the armament race going. As McNeill notes, “with the discovery of atomic explosives, human destructive power reached a new, suicidal level, surpassing previous limits to all but unimaginable degree.” Unimaginable as it was, this degree was surpassed again when the installation of hundreds of long-range missiles in the decade following 1957 empowered the United States and the USSR to destroy each other’s cities in a matter of minutes. The signing of a five-year Strategic Arms Limitation Treaty (SALT) in 1972 consolidated the balance of terror between the two superpowers but did not halt the armament race. It simply shifted the race “to other kinds of weapons not mentioned in the treaty for the good reason that they did not yet exist” (McNeill, 1982).

In the scientific discovery of new weapons system—even more than in the industrialization of war—the superpower with greater command over global financial resources could turn the balance of terror to its own advantage by stepping up, or by threatening to step up, its research efforts to levels that the other superpower simply could not afford. This is what the United States did in the Second Cold War, thereby driving the USSR into bankruptcy and bringing the tendency toward the centralization of global military capabilities to its ultimate consequences. In this respect, the *belle époque* of the late 20th century differs radically from that of the Edwardian era. In the course of the financial expansion that opened the century, the proliferation of military-industrial complexes undermined and eventually destroyed Britain’s mastery of the European balance of power and of the

oceans. In the course of the financial expansion that is closing the century, in contrast, global military capabilities have been further centralized in the hands of the declining hegemonic power. Under these circumstances, it is highly unlikely that the US-centered global market will disintegrate because of military rivalries and wars among actual and would-be great powers.

It does not follow, however, that the global market will remain centered on the United States or that it can withstand the tensions engendered by the widening and deepening of interstate competition for mobile capital. Indeed, the very centralization of global military capabilities that has sheltered the US-centered global market from the kind of geopolitical tensions that eventually destroyed the British-centered global market, has weakened the United States financially in a way similar to the weakening of Britain in the wake of the First World War. Phillips’ passing reference to “shades of 1914-45 Britain” in his previously quoted description of the transformation of the United States into the leading debtor nation in the Reagan era hints at this similarity. The Second Cold War drove the USSR into bankruptcy leaving the United States as the one and only “first-rate power” and with “no prospect in the immediate future of any power to rival it”—as a triumphalist US commentator boasted. But it left the United States bereft of the financial resources needed to exercise effectively global supremacy. As a senior US foreign policy official lamented, the United States no longer had “the money to bring the kind of pressure that will produce positive results anytime soon” (both quotes from Ruggie 1994).

The tightening of financial constraints on US global power, both military and political, was closely associated with a major shift of the center of world-scale processes of production, trade and accumulation from North America to East Asia. The extent and prospective permanence of this shift are the subject of much controversy. But as a recent comparative analysis of rates of economic growth by the Union Bank of Switzerland (UBS) has shown, over the last century there is “nothing comparable with the [East] Asian economic growth experience of the last three decades.” Other regions grew as fast during wartime dislocations (e.g. North America during the Second World War) or following such dislocations (e.g. Western Europe after the Second World War). But “the eight-percent plus average annual income growth set by several [East] Asian economies since the late 1960s is unique in the 130 years of recorded economic history.” This growth is all

the more remarkable in having been recorded at a time of overall stagnation or near stagnation in the rest of the world, and in having “spread like a wave” from Japan to the Four Tigers (S. Korea, Taiwan, Singapore and Hong Kong), from there to Malaysia and Thailand, and then on to Indonesia, China and, more recently, to Vietnam (Union Bank of Switzerland 1996).

(The East Asia advance in global high finance has been even more spectacular. The Japanese share of the total assets of *Fortune's* top fifty banks in the world increased from 18 percent in 1970, to 27 percent in 1980, to 48 percent in 1990. As for foreign exchange reserves, the East Asian share of the top ten central banks' holdings increased from 10 percent in 1980 to 50 percent in 1994. Clearly, if the United States no longer has “the money to bring the kind of pressure that will produce positive results,” East Asian states, or at least some of them, have all the money they need to keep at bay the kind of pressure that is driving states all over the world—the United States included—to yield to the dictates of increasingly mobile and volatile capital.

An overabundance of capital, of course, brings problems of its own, as witnessed by the collapse of the Tokyo stock exchange in 1990-2 and the more devastating financial crisis that swept the entire East Asian region in 1997. For all their devastations, however, these crises (and the other crises that in all likelihood will hit East Asia in the years to come) in themselves are no more a sign of a roll-back of East Asian financial power vis-a-vis the United States than Black Thursday in Wall Street in 1929 (and the devastations of the US economy that ensued) were a sign of a roll-back of US financial power vis-a-vis Britain. As Braudel has pointed out in discussing the financial crisis of 1772-3—which began in London but reflected an ongoing shift of world financial supremacy from Amsterdam to London—newly emerging centers of the world economy are “the first place in which the seismic movements of the system show themselves.” As further and more compelling evidence in support of this hypothesis, he notes that the crisis of 1929-31 began in New York but reflected an ongoing shift of world financial supremacy from London to New York (*Les temps du monde*, 1979).

Braudel does not explain why this should have been so. A good part of the explanation, however, can be inferred from Geoffrey Ingham's previously quoted observation that in the 1920s the United States had not yet devel-

oped the capacity to replace Britain as the organizing center of the global economy, in spite of its spectacular advances in production and capital accumulation. *Mutatis mutandis*, similar considerations apply to London vis-a-vis Amsterdam in the 1770s, and to Tokyo and other East Asian financial centers vis-a-vis New York and Washington in the 1990s. The very speed, scale and scope of capital accumulation in the rising centers clashes with the latter's limited organizational capabilities to create the systemic conditions for the enlarged reproduction of their expansion. Under these circumstances, the most dynamic centers of world-scale processes of capital accumulation tend to become the epicenters of systemic instability. In the past, this instability was an integral aspect of the ongoing structural transformations of world capitalism that several decades later resulted in the establishment of a new hegemony and in the reconstitution of the global market on new foundations. Whether the present instability is the harbinger of a future world hegemony and global market centered on East Asia it is too early to tell. But whatever its future outcome, the present financial turbulence centered on East Asia should be taken as a warning that in retrospect the global market as presently instituted may well turn out to be as temporary a construct as the 19th century global market.

Soros is not alone in fearing that this outcome is not just possible but likely. Even the most enthusiastic supporters of interstate competition in globally integrated financial markets have begun to fear that financial globalization is turning into “a brakeless train wreaking havoc”. They worry about a “mounting backlash” against the effects of such a destructive force, first and foremost “the rise of a new brand of populist politicians” fostered by the “mood... of helplessness and anxiety” that is taking hold even of wealthy countries (quoted in Harvey, 1995). A backlash of this kind has been a typical feature of past financial expansions. It is a sign that the massive redistribution of income and wealth, on which the expansion rests, has reached or is about to reach its limits (Arrighi, Silver et al, 1999).

Ultimately, these are social limits. The global New Deal that enabled the United States to reconstruct the global market had a social and not just a political and economic content. It promised a prosperous and secure existence for the working classes of rich countries, and an equally prosperous and secure existence in a more or less distant future—that is, “development”—for the peoples of poor countries. It was this double promise, rather

than crude anti-communism, that mobilized widespread support among subordinate social strata throughout the world for the US reconstruction of the global market.

By the late 1960s, it became clear that the United States had great difficulties in delivering on its promises. These difficulties were at the roots of the double crisis of world capitalism and US hegemony of the 1970s. As we have seen, the double crisis was resolved—or so it seemed—only when between 1979 and 1982 the United States began competing aggressively in global markets for mobile capital.

Although this change in US policies involved a virtual abandonment of the social objectives of the global New Deal, it was presented as a continuation of their pursuit by new means. The success of the United States in out-competing all other states in global financial markets, and in forcing its great rival of the Cold War era into bankruptcy, gave credibility to the claim that all states and their citizens would benefit from following the prescriptions of the neo-liberal creed propagated by Washington. Nevertheless, the more intense and widespread interstate competition for mobile capital became, the greater the number and variety of communities—especially but not exclusively working-class communities—that experienced major disruptions in their established ways of life with few benefits to compensate for the disruptions. The neo-liberal creed propagated by Washington has thus begun to appear for what it really was: not a continuation of the global New Deal by new means, but a complete reversal of its objectives for the benefit of the United States and of the world's wealthier strata.

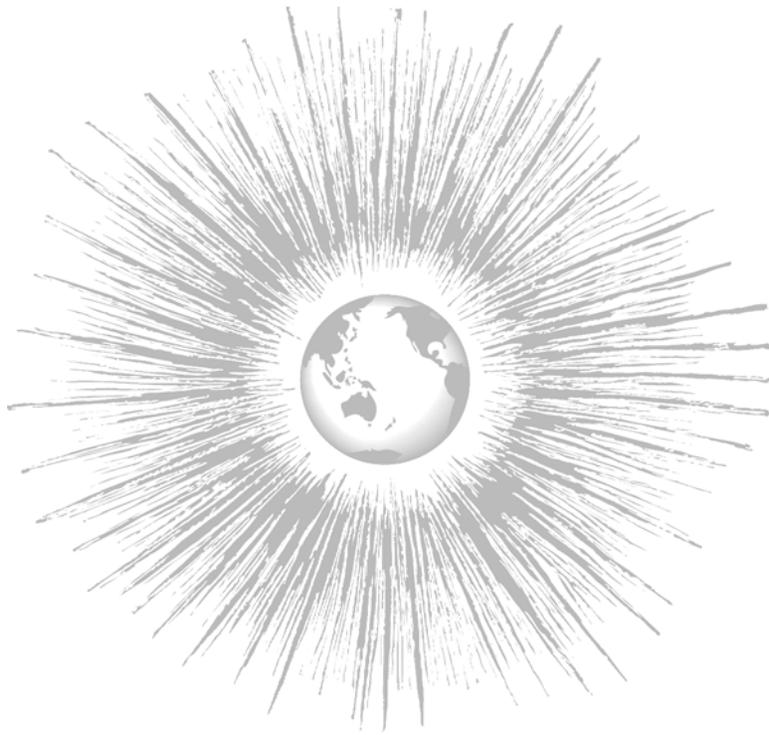
As this perception spreads, states—the United States included—will find it increasingly difficult to mobilize popular support for policies whose burdens are borne by the vast majority of the world's population and whose benefits are reaped by a minority. Under these circumstances, the tendency towards what Polanyi (1957) called “the self-protection of society” against the ravages of “the self-regulating market” is bound to become much stronger than it already is. Whether the ruling groups of the declining and rising centers of the global economy have the capabilities to accommodate this stronger tendency, so as to avoid yet another catastrophic collapse of the global market, is something that for now remains entirely unclear.

REFERENCES

- Armstrong, P. and Glyn, A., 1986, *Accumulation, Profits, State Spending: Data for Advanced Capitalist Countries 1952-1983*. Oxford: Oxford Institute of Economics and Statistics.
- Arrighi, G., 1994, *The Long Twentieth Century. Money, Power, and the Origins of Our Time*. London, Verso.
- Arrighi, G., Silver B. et al, 1999, *Chaos and Governance in the Modern World System*. Minneapolis, MN, University of Minnesota Press.
- Block, F.L., 1977, *The Origins of International Economic Disorder: A Study of United States International Monetary Policy from World War II to the Present*. Berkeley, CA, University of California Press.
- Calleo, D.P. and Rowland, B.M., 1973, *America and the World Political Economy. Atlantic Dreams and National Realities*. Bloomington and London, Indiana University Press.
- Cohen, B., 1977, *Organizing the World's Money*. New York, Basic Books.
- Cohen, B., 1996, “Phoenix Risen. The Resurrection of Global Finance”, *World Politics*, 48: 268-96.
- de Cecco, M., 1982, “Inflation and Structural Change in the Euro-dollar Market,” *EUI Working Papers*, 23. Florence: European University Institute.
- de Cecco, M., 1984, *The International Gold Standard: Money and Empire*, 2nd ed. New York, St. Martin's Press.
- Eichengreen, B. and Portes, R., 1990, “The Interwar Debt Crisis and its Aftermath,” *The World Bank Research Observer*, V, 1: 69-94.
- Frieden, J., 1987, *Banking On the World*. New York, Harper & Row.
- Gamble, A., 1985, *Britain in Decline*. London, Macmillan.
- Giddens, A., 1987, *The Nation-State and Violence*. Berkeley, CA, California Univ. Press.
- Gill, S., 1990, *American Hegemony and the Trilateral Commission*, Cambridge, Cambridge University Press.
- Goldstein, J. and Rapkin, D.P., 1991 “After Insularity: Hegemony and the Future of World Order,” *Futures*, XXIII, 9: 935-59.
- Halliday, F., 1986, *The Making of the Second Cold War*, London, Verso.
- Harvey, D., 1995, “Globalization in Question,” *Rethinking Marxism*, VIII, 4: 1-17.
- Hirst, P. and Thompson, G., 1996, *Globalization in Question: The International Economy and the Possibilities of Governance*. Cambridge, Polity Press.
- Hobsbawm, E.J., 1968, *Industry and Empire: An Economic History of Britain since 1750*, London. Weidenfeld & Nicolson.
- _____, 1979, *The Age of Capital 1848-1875*. New York, New American Library.
- _____, 1992, *Nations and Nationalism since 1780: Programme, Myth, Reality* 2nd ed. Cambridge: Cambridge University Press
- Hobsbawm, E.J., 1994, *The Age of Extremes: A History of the World, 1914-1991*. New York, Vintage.

- Hounshell, D.A., 1984, *From the American System to Mass Production 1800-1932. The Development of Manufacturing Technology in the United States*. Baltimore, The Johns Hopkins Univ. Press.
- Hugill, P.J., 1993, *World Trade Since 1431: Geography, Technology and Capitalism*. Baltimore, Johns Hopkins.
- Ingham, G., 1994, "States and Markets in the Production of World Money: Sterling and the Dollar," In S. Corbridge, R. Martin, N. Thrift, eds., *Money, Power and Space*. Oxford, Blackwell.
- Itoh, M., 1990, *The World Economic Crisis and Japanese Capitalism*. New York, St. Martin's Press.
- Kennedy, P., 1987, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*. New York, Random House.
- Kindleberger, C.P., 1973, *The World In Depression. 1929-1938*. Los Angeles, University of California Press.
- Kindleberger, C.P., 1988, *The International Economic Order, Wheatsheaf, Harvester*.
- Landes, D.S., 1969, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* Cambridge, Cambridge Univ. Press.
- Marglin, S.A. and Schor, J.S., eds., 1991, *The Golden Age of Capitalism. Reinterpreting the Postwar Experience*, Oxford: Clarendon.
- Marichal, C., 1989, *A Century of Debt Crises in Latin America—From Independence to the Great Depression. 1820-1830*. Princeton, Princeton University Press.
- McCormick, T.J., 1989, *America's Half Century. United States Foreign Policy in the Cold War*, Baltimore. The Johns Hopkins University Press.
- McNeill, W., 1982, *The Pursuit of Power: Technology, Armed Force, and Society since A.D. 1000*. Chicago, Chicago University Press.
- National Planning Association 1955 "The Political Economy of American Foreign Policy. Its Concepts, Strategy and Limits," Woodrow Wilson Foundation.
- Parboni, R., 1981, *The Dollar and its Rivals*. London: Verso.
- Petersen, Eric 1995 "Surrendering to Markets," *The Washington Quarterly*.
- Phelps-Brown E.H. 1975 "A Non-Monetarist View of the Pay Explosion," *Three Banks Review*.
- Phillips, Kevin 1994, *Boiling Point. Republicans, Democrats, and the Decline of Middle-class Prosperity*. New York : HarperPerennial
- Polanyi, K., 1957, *The Great Transformation: The Political and Economic Origins of Our Time*. Boston, Beacon Press.
- Ruggie, John 1994 "Third Try at World Order? America and Multilateralism after the Cold War," *Political Science Quarterly*.
- Sassen, Saskia. 1996. *Losing Control? Sovereignty in an Age of Globalization*. New York, Columbia University Press.
- Schurmann, F., 1974, *The Logic of World Power: An Inquiry into the Origins, Currents and Contradictions of World Politics*. New York, Pantheon.
- Sklair, L., 1991, *Sociology of the Global System*. Baltimore, MD, The Johns Hopkins University Press.

- Soros, George 1997 "The Capitalist Threat," *Atlantic Monthly*.
- Strange, S., 1986, *Casino Capitalism*. Oxford, Basil Blackwell.
- Union Bank of Switzerland 1996 "The East Asian Economic Miracle" *UBS International Finance*. UBS:Zurich
- Washbrook, D. 1990 "South Asia, the World System, and World Capitalism," *The Journal of Asian Studies*.
- World Bank 1985 *World Development Report*. Washington DC: World Bank
- Zevin, R., 1992, "Our World Financial Market is More Open? If so, Why and with What Effect?" In T. Banuri and J.B. Schor, eds. *Financial Openness and National Autonomy: Opportunity and Constraints*. New York, Oxford University Press.



I. INTRODUCTION

Something like “global Keynesianism” or “transnational socialism” has been mentioned as a desirable alternative to global neoliberalism (Redmond 1997). However, a definition of this kind of global Keynesianism is hard to find. Many leftists tend to associate Keynesianism with corporate power. However, there are also numerous other leftists who view this differently. For example, a member of parliament for the German Green Party stated in a recent interview that “a reformist party today has to be a left-Keynesian party which contradicts the logic of capital” (Ebermann 1998). A number of scholars from several countries, including Canada, pursue post-Keynesianism, in the sense of left-Keynesian economics (e.g., Seccareccia 1991). However, available left-Keynesian literature, as I see it, is lacking a world-system perspective. I am trying in this article to synthesize the two perspectives—namely, left-Keynesianism and world-system theory, leading to a perspective of global left-Keynesianism. This leftist global Keynesianism can, perhaps, be described as an approach to economics which emphasizes responsible public management of economic problems in a world-system context. Common themes in global Keynesianism include the importance of public management, democratic politics, the mixed economy, global income distribution, the management of global demand, investment and money, ecological sustainability and the importance of multiple levels of public management—local, national, regional and global.

The intellectual history of the term “global Keynesianism” is short. The expression “global Keynesianism” (or, “international Keynesianism”) appeared in the literature in the early 1980’s and was, initially, used by critics to describe the so-called Brandt Report, which proposed a kind of Marshall Plan for the Third World (Brandt Commission 1980). Critics left and right rejected that approach at the time (e.g., Dauderstaedt/Pfaller 1983; Corden

1987), but the idea of global Keynesianism lingered on, partly, as a whipping boy, but also as an inspiration. I am aware of two authors who developed contributions to global Keynesianism with this explicit label—one American, namely, the global Keynesianism of Mead (Mead 1989), and one European, namely, the global left-Keynesianism of Elsenhans (Elsenhans 1996). One post-Keynesian economist observed as recently as 1995 that global Keynesianism is “only some system—a mechanism that has not yet been worked out” (Galbraith 1995).

This essay is exploratory and synthetic. I am attempting to pull together various ideas which together might describe a perspective of leftist global Keynesianism. These materials are of two types—theoretical/analytic and praxeological/political. Keynesian economics are traditionally interested in aggregate demand and its management. That is why my presentation starts with the concept of demand.

2. THE IMPORTANCE OF DEMAND

The importance of aggregate demand has been acknowledged by such diverse economic theoreticians as Sismondi, Marx, Keynes, Samuelson, and Mandel, to name some. The concept of a market, as used in economic theory, implies the presence of supply and demand. The market mechanism is generally conceptualized as a process of feedback and equilibration between supply and demand. Demand plays an essential role in this mechanism; indeed, demand is a logical prerequisite of a market. Without a demand side there is no market, by definition.

There is consensus and controversy about the role of demand. A fair amount of agreement exists on two points. First, demand is important at the micro-level. If a supplier (individual or firm) cannot find enough customers for his (her, its) products, he is forced out of business or compelled to supply other goods or services for which there is a market (i.e., for which there is demand). Secondly, concerning *aggregate* demand (macro-level) there is a fair amount of consensus that aggregate demand is important *in the short run*. Thus, consumer spending and business spending, as well as their *intentions*, are routinely monitored through public surveys; and theoreticians tend to agree that short-term movements of demand influence national product and income (compare, for example, the textbooks, Heilbroner/Thurow 1978 and Mankiw 1994).

Major controversy rages about the role of aggregate demand *in the long run*; that is to say, about the importance of aggregate demand for the long-term growth of GDP, productivity, income and employment. Keynesians and Marxists tend to assign an important role to aggregate demand in long-term economic growth (or, accumulation). Others assign primacy to the supply side. Global Keynesianism rejects a pure supply-side view, emphasizing the interactivity of supply and demand, instead.

3. CRITIQUE OF THE SUPPLY-SIDE PARADIGM OF ECONOMIC GROWTH AND ACCUMULATION

Disagreements about paradigms cannot be resolved in a stringent procedure of proof or falsification as in mathematics, logic or hypothesis-testing. The discussion of paradigms involves an element of philosophy or even persuasion. (Keynes wrote about the importance of persuasion for a similar reason.) Therefore, I will not attempt to “disprove” the supply-side paradigm. Instead, I will merely state three reasons why I believe that a pure supply-side paradigm of economic growth (accumulation) is inadequate. These reasons are: (1) practical disappointment; (2) logical fallacy; (3) ideological bias. By “paradigm” I mean paradigm, in the sense of Thomas Kuhn, as a set of shared concepts, shared views about causality, shared views about relevant evidence and pertinent research methodologies, as well as shared values.

3.1 Practical Disappointment

The supply-side paradigm of economic growth gained increasing prevalence around the globe, starting in the early 1970's with the successive introduction of floating exchange rates, dismantling of controls on international capital movements, policies of deregulation and privatization, and so on. While these policies are propagated with the claim that they are superior to Keynesian or Marxist policies, they have, by and large, not generated impressive economic growth rates and have, on the contrary, lead to a great deal of wage stagnation, high unemployment, only modest productivity growth in many countries, even to economic depression or collapse as in some of the so-called transition economies of Central and Eastern Europe (Tausch 1997). The fact that the (open) unemployment rate in the United States is currently low, as defenders of neoliberalism may point out, is welcome news but does not account for problems of quality of employment (including the

proportion of part-time employment in total employment) and inadequate wage levels of the working poor.

3.2 Logical Fallacy

The supply-side paradigm of economic growth has been formalized in such formulae as Cobb-Douglas functions or the Solow model. The Solow model postulates that long-term economic growth is caused by the supply side—and nothing but the supply side, namely, by the conversion of three major categories of inputs into aggregate output (Y). The factor inputs in this model are capital (K), labour (L), and level of technology (A)—according to the function $Y = f(K, L, A)$ (see, e.g., Solow 1956).

A major logical flaw in this model and the supply-side paradigm of economic growth generally is with respect to causal inference. The paradigm assumes that an economy functions like a machine without any feedback between supply and demand. The causation implied in this view is strictly uni-directional—namely, from capital, labour and technology (and their growth) to national product (and its growth). However, the uni-directional view of causality implied in the supply-side paradigm contradicts the very concept of a market itself. In a market, aggregate outcome is thought to be the result of an interaction between supply and demand. Causation in a market is a two-way causation from supply to demand and from demand to supply; or, in other words, a feedback loop between supply and demand. The uni-directional view of causality implied in a pure supply-side paradigm of growth ignores the feedback mechanism in the concept of a market. The pure supply-side paradigm of economic growth is a primitive machine model, not a market model, which purports to explain economic growth (accumulation) in a market economy, nevertheless. This is a theoretical inconsistency and a logical fallacy.

3.3 Political Bias

The pure supply-side paradigm of economic growth neglects the demand side, two thirds of which is made up of the consumption demand of the mass of consumers. By neglecting this, the paradigm neglects what matters to labour—namely, wages and salaries and their role in national growth. The pure supply-side paradigm of economic growth (accumulation) thus exhibits a strong pro-business, pro-capital bias which is also evident in policies derived from this paradigm, like deregulation, privatization and so on.

The three points of criticism above are very brief and are merely stated in order to indicate the position of global Keynesianism, as I see it, for orientation purposes. The literature on these issues is voluminous and there is no intention here to repeat at length what is presented elsewhere.

4. LEVELS OF ANALYSIS

Global Keynesianism is concerned with the analysis and management of global demand. Economic analysis distinguishes between micro- and macro-analysis. These levels of analysis can be further subdivided and augmented and we can speak of a variety of units and levels of analysis, as follows:

- individual person
- household
- firm
- industry
- sector (public–private; agriculture–industry–service)
- class or, geographically,:
- local
- sub–national region
- national
- region (multiple countries, world region, like Africa etc.)
- global (all countries)

In global Keynesianism, all these levels are of interest, but it is important that a global level of analysis is also present. Whether action can or should be taken at the global level or, rather, at regional, national, or sub-national levels is an additional problem which must be addressed.

5. THE IMPORTANCE OF WORLD-SYSTEM DEMAND (GLOBAL DEMAND)

Global demand is aggregate (effective) demand in the entire world-system (world economy), as opposed to demand in the economy of a single country (state, national economy, macroeconomy).

Wallerstein observed about “world-system demand” that:

“there are ‘expansions’ and ‘contractions’ in the world economy ... I think they are linked to a basic contradiction of the system, which has to do with supply and demand, that is, *world-system* supply and world-system demand,

not *firm* supply and demand, nor *state* supply and demand, but world-system supply and demand.” (Wallerstein 1978: 232; emphasis original)

The concept of global demand is important in light of past and present world developments; it has been part of the analyses of a number of scholars and is also appearing in contemporary journalistic literature. The observers who have been interested in world-system demand (global demand) tend to be of various persuasions. Their theoretical differences notwithstanding, they tend to share the view that global demand is, tends to be, or is in danger of being, inadequate. Here are some samples of opinion from diverse backgrounds:

An anonymous editorial writer, writing about the “overcapacity bomb”, stated: “It may be time to begin focusing policy on inadequate global demand, especially in Asia. Just as Keynesian economics is about to be buried, John Maynard Keynes’s attention to demand may be more salient than ever—even if his solutions are not.” (Anonymous 1997: 138) Allen and Vines report various results and conclusions based on econometric modelling of the global economy. The authors refer to a “global paradox of thrift”, which is Keynesian vocabulary, and the authors raise this question: “(T)here is paradoxically the problem that the world is currently in Keynesian recession. What could be worse than a massive reduction in injections of expenditure into the global economy, particularly for the developing countries, whose export revenues might appear to be particularly vulnerable?” (Allen and Vines 1993: 134) Mead developed a comprehensive set of policy proposals for the global and national levels. He writes: “The new system proposed here can be best described as multilateral global Keynesianism” (Mead 1989: 427). Singh and Zammit analyze unemployment and underemployment in the North and South of the world and conclude that global unemployment and underemployment are caused by inadequate global demand. They speak of a global “demand constraint”, which they describe as “deeply institutional in nature”. The authors call for three types of institutional/structural reform, namely: (1) “a new institutional and behavioural framework within the North”; (2) “within the South, a major change in policy direction”; (3) “(o)n the global scale, a rather different system of international arrangements between the North and the South.” Furthermore, the authors note that such reforms “will have to pay full attention to ecological concerns”. (Singh and Zammit 1995: 109-110) Elsenhans developed a leftist theory of global Keynesianism

in which a “global demand gap” is a central concept. Furthermore, Elsenhans observes: “Enterprises are virtually incapable of expanding the market. They also cannot sustain the regulatory policy framework in its entirety. For this, they require the intervention of other social forces, for instance the labour movements and the state...” (Elsenhans 1996: 26). Mandel discusses global demand, for example, in *The Second Slump* (1978), from which the following quotations are taken. Mandel states: “Whatever the deeper meanderings of the analysis, the first phenomenon that must be grasped is this sharp break in the unstable equilibrium between supply and demand of commodities...” and : “Nothing illustrates the capitalist character of the market economy and its unjust and inhuman consequences better than this spectacle of half of humanity afflicted by hunger not because of lack of food products, but because *money demand* cannot keep up with physical demand.” (Mandel 1978: 169 and 146, emphasis added)

The above quotations show that authors from different traditions who studied global demand converged on two opinions, namely: (1) global demand matters (is important); and (2) global demand may be inadequate at times; or tends to be inadequate; or is usually inadequate.

6. ABSOLUTE AND RELATIVE INADEQUACY OF GLOBAL DEMAND

“Inadequacy of global demand” has two distinguishable meanings which are frequently mixed together, namely:

(a) *Absolute Inadequacy of Global Demand (social-existential meaning)*—The people (workers, labour, global masses) do not have enough purchasing power for a decent standard of living. This meaning of “inadequate global demand” is an observation and judgement about an existential reality experienced by people.

(b) *Relative Inadequacy of Global Demand (circulatory-systemic meaning)*—There is a gap between global supply (aggregate production power) and global demand (aggregate purchasing power). This *global demand gap* is important in the circulatory flow of the world economy and has been alternately described as a problem of “overproduction” or a problem of “inadequate demand”, reflecting different analytic and political emphases. I concur with Mandel who argues (see above) that one should not exaggerate the difference between these two interpretations. In my opinion, “overproduction” should be, more properly, called “relative overproduction”

which coexists with “absolute underproduction” of goods and services for the provision of basic needs of masses of people.

7. THE GLOBAL UNEMPLOYMENT EQUILIBRIUM

The concept of an unemployment equilibrium has been developed by Marx and Keynes, where Marx was thinking more of the long term (permanent feature of the capitalist economy) and Keynes more of the short term (depression of the 1930's). Marx explained how the capitalist economy, as a system, generates a “reserve army of the unemployed”. Keynes, who was aware of Marx's work, explained how a demand gap in the economic system can lead to a stable unemployment equilibrium—as in the depression of the 1930's. In global Keynesianism the concept of a systemic unemployment equilibrium is applied at the global level of analysis, leading to the notion of a *global* unemployment equilibrium, or a *world-system* unemployment equilibrium.

7.1 Global Equilibrium and National Equilibria

The world can, alternatively, be viewed as a single world-system (“one world”) or as two hundred countries (nation-states, national macro-economies). Correspondingly, we can speak, alternatively, of a single *global* unemployment equilibrium or of two hundred *national* unemployment equilibria. The two levels of analysis coexist. The one global equilibrium and the many national equilibria exist at the same time. The equilibrium of the entire world-system functions as the “environment”, as one might say, within which the many national equilibria exist. While there are relationships between the global-level equilibrium and the national-level equilibria (i.e., between the state of the world and the state of the nation), one cannot simply deduce one from the other. Thus, the world-system in its entirety may be in a state of a *global* unemployment equilibrium, which may have a depressive effect on all national equilibria. However, it is possible that, at the same time, an individual country may escape the global depressive effect and may be relatively free of unemployment—just like a *national* economy may be in an overall state of recession or depression, while some individual firms may do well (as, for example, the alcohol industry in the United States during the depression of the 1930's).

At the present time, the United States has a lower unemployment rate than the majority of OECD countries and, traditionally, the OECD countries (core of the world system) have had less unemployment and underemployment than the non-OECD countries (periphery of the world system). According to the world-system view implied in global Keynesianism, the national equilibria of the two hundred countries are not totally isolated from the overall global equilibrium.

The transmission mechanisms between the global equilibrium and the national equilibria require special investigation. Since virtually all national economies are so-called “open economies” at the present time, transmission of misery or well-being (contagion) between countries and between the global and national levels occurs through such mechanisms as global investment flows (monetary and real investment), global trade flows, the global exchange rate system, global technology transfers, global institutional arrangements (organizations, rules and laws), global labour migration and brain drain, global spread of environmental decay, and so on.

In line with these theoretical considerations, it cannot be said that *national* unemployment and underemployment is an exclusively national phenomenon. The *global* reserve army of unemployed and underemployed is shared between nations; and the unemployment and underemployment generated by the *global* unemployment equilibrium is shared by two hundred national economies. It is easier for a national economy to have full employment when the entire world-system is in a full-employment equilibrium than when the entire world economy is in a global unemployment equilibrium, producing massive world-wide unemployment and underemployment. In response to a miserable *global* underemployment situation, which generates pressures for massive international migration (economic migrants), USA, the European Union and others have tough laws and law enforcement for keeping economic migrants from entering their economies and, once entered illegally, for expelling them.

7.2 Static View of the Global Unemployment Equilibrium

The world market economy, as a market in the sense of economic theory, has two constituent forces which interact—namely, aggregate supply and aggregate demand. Whichever force of the two is smaller, determines the volume of total economic output and total employment (with additional

influences from other variables). Both Keynesian and Marxist economics call attention to the fact that all the time (Marxist), or many times (Keynesian), the system has a tendency to generate an excess of aggregate supply over aggregate demand (“overproduction”, Marxist), or a shortage of aggregate demand relative to aggregate supply (“demand gap”, Keynesian). The smaller of the two forces—namely, aggregate demand, limits (“constrains”) the magnitude of total economic activity and output (GDP). Given the production methods available at any time and in the aggregate, an aggregate relationship exists between total economic activity and total employment. As a result, aggregate demand, as the constraining factor, limits total employment. Global Keynesianism claims that this situation exists in the entire world-system at the present time and that this situation of a relatively stable *global* unemployment (underemployment) equilibrium can only be overcome through public intervention (“public management”), broadly defined. This is in contradiction to the neoclassical / neoliberal opinion that the critically constraining factor in the world market economy is the supply side and that the free play of “market forces” can solve the problem without public intervention.

7.3 Dynamic View of the Global Unemployment Equilibrium

In the dynamic view, more attention is paid to time, process and growth rates than in the static view. Marxist analysis is traditionally dynamic in this sense and Keynesian and post-Keynesian scholars have also developed dynamic views of the problem (e.g., Asimakopulos 1991). In global Keynesianism, “dynamic view” means that *growth rates* of global product (global GDP) and global employment are an outcome of the interaction between the *growth rates* of global aggregate supply and global aggregate demand. The global unemployment equilibrium is a *growth equilibrium* between growing (or declining) global aggregate supply and growing (or declining) aggregate demand. In the evolution of these growing (or declining) aggregates, the global demand gap is ever-changing in its magnitude, both in absolute and relative terms, and the world-system has a *tendency* to generate a demand gap (tendency toward relative overproduction) of varying magnitude at all times or most of the time. Detailed analysis of these dynamic processes is complex and a great variety of views and models exist to describe these processes at the national level, but less literature deals with the global level of

analysis. In very general terms, the factors and processes invoked to describe this dynamic reality can be grouped under two headings—(a) conjunctural factors and processes; and (b) structural factors and processes. This distinction is in use at the national level of analysis and can also be applied at the world-system level.

7.4 Conjunctural and Structural Determinants of the Global Equilibrium (Disequilibrium)

The factors and processes determining the global equilibrium (disequilibrium) can be loosely grouped under two headings, namely:

- (1) *conjunctural* determinants (including “cyclical”, in the sense of the short business cycle, and other short-term factors); and
- (2) *structural* determinants (including distributional, institutional, secular trends, long cycles, etc.)

For example, consider Mandel’s analysis (see above). Mandel mentions the following with respect to the world recession of the 1970’s: (1) conjunctural demand factor—namely, contraction of world trade due to recession in the imperialist countries (core of world-system); (2) conjunctural management—namely, “neo-Keynesian recovery techniques” (“enormous injection of purchasing power”) in the core countries, which lead to a short-term surge in demand for consumer goods, which “effectively halted the recession”; and (3) structural demand factors—namely, (a) marginality of people—the starving billion of the world does not have enough food money to buy existing global food stuffs; (b) marginality of countries—the global periphery generates comparatively modest trade demand in the international trading system. These structural causes of inadequate world-system demand place a major limit on the expansion of global economic growth, in Mandel’s opinion, and, we may add, perpetuate a dynamic global unemployment equilibrium.

8. GLOBAL FULL EMPLOYMENT EQUILIBRIUM

When the world-system (world economy, world market) is analyzed in terms of a dynamic equilibrium (or disequilibrium), we may observe that a global unemployment equilibrium exists; we can also postulate the possibility of a global full employment equilibrium—that is to say, a state of the world in which aggregate supply and aggregate demand have a configura-

tion in which all globally available labour is fully employed. Since a state of global full employment is mostly a dream (a utopia), the door is wide open for disagreements about praxeology (i.e., about how to get there). The traditional disagreements with respect to full employment at the national level carry over to the global level of analysis and action—namely, in the traditional Marxist view, global full employment can only be achieved through an abolition of the capitalist world-system (world revolution); in the global-Keynesian view, global full employment can be achieved through active public management of the system; in the global-neoliberal view, global full employment is either (a) not desirable, or (b) of no particular interest, or (c) is thought to come about through the free play of “market forces”. The global-Keynesian presumption is that a key role in achieving global full employment is played by active management of global demand. This global demand management must not be confused with, or reduced to, the old-Keynesian concept of “pump priming” (indiscriminate pumping of money into the system). Rather, new, more appropriate techniques of anti-cyclical and *anti-structural* demand management must be devised. In this context, more and more authors mention a global “Tobin tax” (tax on international financial transactions), global ecological taxes, transnational capital controls, and other global, regional, transnational, national and local instruments. Much more work is required to develop a full set of institutional, political and economic instruments. The political feasibility of such measures depends, to a large extent, on the ability to organize countervailing pressure throughout the world-system against the dominating interests of business (global capital).

9. THE IMPORTANCE OF ANTI-STRUCTURAL GLOBAL DEMAND MANAGEMENT

Keynesianism at the national level has traditionally operated with a concept of anti-cyclical demand management (with reference to the short business cycle). At the world level, anti-structural demand management appears to be as important as, or more important than, anti-cyclical demand management. This view can be supported by three observations—namely, (1) due to the multitude of two hundred national economies in the world, the short-term cyclical developments in each national economy tend to neutralize each other to some extent in the global aggregate; (2) from a management

point of view, it is relatively more difficult to “fine-tune” any global short-term cycles which may exist at the world level, than to “fine-tune” national business cycles, albeit this is also very difficult; (3) the major demand problems in the world economy as a whole (in terms of magnitudes) tend to be more structural than (short-term) cyclical in nature—notably, demand problems caused by the global monetary and exchange rate system, demand problems generated by the global income distribution, demand problems caused by the globalization of production, and so on.

I will select and examine three problem areas in which the world-system (the present “global formation”—Chase-Dunn, 1989) has major structurally induced demand problems—namely, (1) globalization of production; (2) global money and finance; and (3) exchange rate system.

10. GLOBALIZATION OF PRODUCTION AND GLOBAL DEMAND

Capitalism has always operated simultaneously in a national and a worldwide context, including international and colonial trade and investment. In recent decades, the production and supply of goods and services has increasingly been globalized through multinational production and marketing techniques. Multinational (transnational, global) corporations have been, and are, moving more and more production to countries where wages and other costs are low and are trying to sell as much as possible in countries where incomes are high. This global “buy-and-produce low and sell high” principle makes supply-side sense and tends to increase the efficiency of global production. However, this practice increases, on a global basis, the disequilibrium and gap between global supply and global demand, since a shift from high-wage to low-wage production (globally) has the effect of generating relatively less global aggregate demand. This mechanism has been recognized and has been called a “race to the bottom” or a “downward spiral”. For example, Brecher and Costello write:

“The most direct symptom of globalization is the ‘race to the bottom’ itself—the reduction in labor, social, and environmental conditions that result directly from global competition for jobs and investment.” (Brecher/Costello 1994: 22) Furthermore: “As corporations move jobs that paid \$10 per hour to countries where they pay \$1 per hour, workers can buy less of what they produce.” (Brecher/Costello 1994: 25) And: “Unemployment and

falling real wages led to declining consumer demand for products world-wide..." (Brecher/Costello 1994: 55)

Closely related to the globalization of the supply-side (globalization of production) is the issue of technological progress. New technologies of a labour-saving kind render the supply-side more efficient through automation and other kinds of labour-saving. On the one hand, technological advances are desirable for the sake of long-term economic growth. On the other hand, if such supply-side improvements are not matched by compensating job-creation and/or wage increases, then the relation between supply and demand is disturbed (the disequilibrium is exacerbated), nationally and/or globally. Furthermore, technological advances are not neutral with respect to ecological sustainability (Daly 1996; Douthwaite 1998).

II. GLOBAL MONEY AND GLOBAL DEMAND

11.1 Global Circulation of Money

Global demand is composed of global consumption demand (private and public) and global (fixed-)investment demand (private and public, including foreign direct investment). Money which circulates in the world-system may appear in a "real" (physical) economic circuit as effective demand for goods and services or in a "nominal" (financial) circuit in search of financial investment. Keynesians have traditionally analyzed this in terms of the relationship between aggregate saving and aggregate investment; Marxists in terms of surplus value. In both traditions, the circulation of money is closely related to the disequilibrium between supply and demand in the system.

In 1993 the global GDP was valued as 23.6 trillion U.S. dollars (World Bank 1995: 29). For the same time, the World Bank estimated the total resources of international financial institutions at about 14 trillion U.S. dollars (Patterson 1997). Whether one takes a Keynesian or Marxist view of this, the amount of global money which is withdrawn from, and circulating independent of, the real economy of world-system supply and world-system demand is enormous. This global situation is similar to what Keynes described, with respect to the depressed national economies in the 1930's, as a situation of "poverty in the midst of plenty" (Keynes 1964: 30); the world is awash with money, yet much of this money is not used to create employment or real consumption value.

11.2 Volatility of Global Finance

A problem which has received widespread attention is the volatility and instability of global financial investments. The deregulation of global capital markets has led to a situation in which large amounts of finance capital can easily be moved from one country or world region to another. This has led to drastic swings in effective demand (fixed investment and consumption) for countries and regions thus affected, either positively or negatively.

11.3 Exchange Rates and Global Demand

The distribution of global demand between high-income and middle- to low-income countries is distorted as a consequence of the existing exchange rate system. The currencies of peripheral and semi-peripheral countries (low- and middle-income countries) tend to be *undervalued* in relation to the currencies of high-income countries. The last point is contentious and has been argued by Yotopoulos (1996), Havlik (1996) and Köhler (1998), whereas a majority of contemporary economists tend to take the opposite point of view.

Undervalued exchange rates contribute to unequal exchange and a distorted distribution of global demand. Unequal exchange (Emmanuel 1972), refers to imperialism of trade and exploitation through international trade. World tables of unequal exchange have been published for the year 1995 which show the magnitudes of losses and gains due to unequal exchange, resulting from undervalued exchange rates, for 119 countries (Köhler 1978). Based on these world tables of unequal exchange for 1995, it can be observed that the equivalent of 6.6 percent of global GDP (in 1995) was transferred from low- and middle-income countries to high-income countries as an "unrecorded transfer of value" due to distorted currency values. This amount corresponds to 24 percent of the combined GDP's of non-OECD countries (as a loss) and to 8 percent of the combined GDP's of OECD countries (as a gain). In 1995 the three countries with the highest amounts of unequal-exchange losses were China, Indonesia and Mexico; the three countries with the highest amounts of unequal-exchange gains were Japan, USA and Germany.

12. GLOBAL KEYNESIANISM AS POLICY, MANAGEMENT, ACTION (PRAXEOLOGY)

In addition to theoretical literature, a wide range of literature exists on policy proposals which may be called global-Keynesian, broadly conceived. Many of these proposals have been criticized for being either interventionist and dirigistic (neoliberal critique) or pro-capitalist and unrealistic (Marxist critique). Nevertheless, many of these ideas are valuable; some are receiving increasing public attention and acceptance.

12.1 *What global Keynesianism is not*

Global Keynesianism may be a rather fuzzy project, but it is not any of the following, as some critics may be inclined to think. (1) Global Keynesianism does not advocate indiscriminate “pump priming” or “printing of money”. (2) Global Keynesianism is not limited to a “global Marshall plan”, as proposed in the Brandt Report of 1980; this is only one of several proposals made from a global-Keynesian perspective. (3) Global Keynesianism may engage in global-level analysis (world-system analysis); this does not mean that the proposed policies or management techniques are necessarily at the global level; they may also be at a regional or national levels of action. (4) Global Keynesianism is not necessarily anti-ecological. The very term “sustainable development” originates in a report using a global-Keynesian paradigm, namely, the Brundtland Report (Brundtland Commission 1987). (5) Global-Keynesianism is not in bed with global corporations; rather, it advocates controls and containment of global capitalism.

12.2 *Levels of Action and Management*

The expression “global Keynesianism” should not mislead one into believing that global Keynesianism has only one level of action (i.e., the global level). I have pointed out earlier that global-Keynesian diagnostics, analysis and theory operate with many levels of analysis. Similarly, global-Keynesian praxeology operates with multiple levels of action, policy and management. These include agents (actors, units of action) like individual, class and state and levels of action and policy from local to global. For example, global-level diagnostics may lead to the conclusion that the most effective response to a problem is at the sectoral level (e.g., transnational collective bargaining by labour unions) or, alternatively, at the regional level

(e.g., organization of regional development banks). Of course, the diagnosis may also lead to recommended action at the national level or the global level. For policy-, management-, and action-purposes, the world-system must be seen as a multi-level system with multiple levels of actors and multiple levels of activity and management.

12.3 *Goals of Global Keynesianism*

Global Keynesianism is not a political party but a fuzzy point of view. The goals of global Keynesianism have not been neatly catalogued anywhere. However, it may be fair to say that the broad, overall, long-term goals of global Keynesianism include: (1) global full employment; (2) improvement of the global income distribution; (3) world-wide social security; (4) economic growth (of the sustainable kind); (5) ecological sustainability; (6) democratic process; where the numbering does not imply a rank ordering of goals; all of them are important.

13. SELECTED ACTION PROPOSALS OF GLOBAL KEYNESIANISM

Individual proposals for policy and management which are of a global-Keynesian nature, may conflict with each other, and various experts who may have global-Keynesian points of view or inclinations may not agree on individual proposals. Global Keynesianism is a pluralistic, open project, in a state of collective learning, where theory and practice have certain vague shapes, but are by no means crystallized into a fixed system. This may be a disadvantage, but may also be an advantage, as open-mindedness in an uncertain world can be a virtue.

13.1 *Improving the global income distribution*

Global Keynesianism is generally in favour of improving the income distribution between high- middle- and low-income countries. To this end literature with a global-Keynesian perspective supports (1) debt relief or debt forgiveness for certain categories of countries; (2) commodity price stabilization schemes; (3) foreign aid from high-income countries; (4) improved terms of trade for low- and middle-income countries, and other policies familiar in the “development” literature.

13.2 Improving global and regional organizations

From the perspective of low- and middle-income countries, regional organization of economic interests has been advocated in order to fight global income polarization, for example by Amin and his concept of a “poly-centric world” (Amin 1997). From the perspective of labour in high-income countries the implementation of labour charters in existing regional organizations like European Union or NAFTA is important.

13.3 Strengthening national management

It has been observed that the power of the (nation-)state vis-a-vis global investors and global corporations has declined (e.g., Cox 1994: 47-48). Global Keynesianism supports a re-assertion of national management within a global context, as opposed to outright abdication of national power to “global markets” (global capital).

13.4 Strengthening Collective Bargaining Globally

Wallerstein has pointed out that a major strategy for increasing effective demand in the world-system is through “renegotiation of historically given wages” (Wallerstein 1978: 233). Collective bargaining between labour and capital is thus important for global demand management. Global Keynesianism looks toward worldwide strengthening and protection of collective bargaining, including transnational collective bargaining, as a major institutional feature for a sound world-economy.

13.5 Controlling Global Financial Capital

As a protection against the excessive power of deregulated and unregulated global financial capital (“the markets”, as they are called in the media), global Keynesianism favours controls on global capital movements. For this purpose, a frequently quoted proposal is the “Tobin tax”, namely, a tax on international financial capital transactions, with the purpose of slowing down speculative developments. Another strategy is, for example, the strengthening of regional organization. Thus, some see the strengthening of the European Union as a method for asserting more political control over unregulated global financial forces (Misik 1997).

13.6 Managing Global Fixed Investment

The traditional Keynesian view, namely, that fixed investment may not be forthcoming in sufficient quantity from the private sector or may not be well-distributed, is also applicable at regional and global levels. Here are some sample proposals: (1) The Brandt Report sought to respond to this need by proposing a global Marshall plan, financed by the high-income countries (Brandt 1980). (2) According to another proposal, global demand is crucially dependent on global credit creation and, whatever global credit is created, must be apportioned equitably between rich and poor countries, rather than in a biased manner toward the rich countries (Moore, 1988: 382,388). (3) Amin called for the creation of a “reformed” World Bank which would manage global credit for fixed investment in a more satisfactory manner than the present World Bank (Amin, 1997:54).

13.7 Exchange Rate Reform

The present exchange rate system distorts the distribution of global demand and generates unequal exchange (see above). Various reforms of the exchange rate system have been proposed, including (1) the institution of national currency boards, (2) return to exchange rate controls (e.g., Kuttner 1998); (3) purchasing power parity rates, (4) regional currencies, or even (5) a single global currency (Keynes’s “bancor” proposal, which was reiterated by Mead 1989:434).

13.8 Other Proposals

There are other proposals which can be grouped under a “global left-Keynesianism” label. My objective in this section was to give some examples of global-Keynesian praxeological thought, rather than to critically review all that has been written. As global reality unfolds, old proposals may become obsolete and new praxeological thought may become necessary.

13.9 Feasibility of Global Keynesianism

A key problem is feasibility. For example, the Brandt Report, which triggered the talk about global Keynesianism in the 1980’s, was published

precisely at a time when dominant elite opinion was moving in the opposite direction—namely, in the direction of “Thatcherism” and the “Washington consensus” of global neoliberalism. Economic analyses may lead to a call for political-institutional change or to the despairing observation that “the political will” for proposed changes is missing. The feasibility of the ideas and proposals which may be called global-Keynesian depends, in part, on their intrinsic merits and persuasiveness and, in large measure, on the successes of the political movements, parties and other organizations which fight against the errors of global neoliberalism.

14. IN CONCLUSION

I have attempted in this essay to describe a theoretical and praxeological perspective which is rather new so that it does not have an agreed-upon name yet. Call it global left-Keynesianism or transnational socialism or perspective X; here it is called global Keynesianism and beyond. This perspective combines left-Keynesian economics with world-systems theory (in the form of a preliminary outline). Hopefully, some others will find this useful and I also hope that this will, ultimately, have some practical value for presently living people (Çakmak 1998). “You don’t see those who stand in the dark” (line from Brecht/Weill, “Three Penny Opera”), but those in the dark could use some effective help from the presently living intelligentsia.

REFERENCES

- Allen, C. and D. Vines (1993) “Should Clinton Cut the Deficit or is There a Global Paradox of Thrift?” *The World Economy*, no. 2, vol. 16 (March 1993), pp. 133-158
- Amin, S. (1997) *Capitalism in the Age of Globalization*. London, England: Zed Books
- Anonymous (1997) “The Overcapacity Bomb”, *Business Week* (USA), October 13, 1997, p. 138
- Asimakopulos, A. (1991) *Keynes’s General Theory and Accumulation*. Cambridge, England: Cambridge University Press
- Brandt Commission (1980) *North-South: A programme for survival [Report of the Independent Commission on International Development Issues]* Cambridge, USA: MIT Press
- Brecher, J. and T. Costello (1994) *Global Village or Global Pillage*. Boston, USA: Southend Press
- Brundtland Commission (1987). *Our Common Future*.
- Çakmak, A. (1998), “living peoples”, several memoranda to the internet forum wsn, September 1998, at: <http://wsarch.ucr.edu/wsnmail/>
- GLOBAL KEYNESIANISM AND BEYOND
- Chase-Dunn, C. (1989) *Global Formation: Structures of the World-Economy*. Cambridge, USA: Basil Blackwell
- Corden, W.M. (1987) “How Valid is International Keynesianism?” International Monetary Fund, Research Department: *IMF Working Paper WP/87/56*
- Cox, R.W. (1994) “Global Restructuring: Making Sense of the Changing International Political Economy,” in: G. Stubbs and Underhill (eds.), *Political Economy and the Changing Global Order*.
- Daly, H.E. (1996) *Beyond Growth: The Economics of Sustainable Development*. Boston, USA: Beacon Press
- Dauderstaedt, M. and A.Pfaller (editors) (1983) *Unfaehig zum Ueberleben? Reaktionen auf den Brandt-Report*. Frankfurt, Germany: Ullstein Verlag
- Douthwaite, R. (1998) “Good Growth and Bad Growth”, (February 1998): http://csf.colorado.edu/lists/ecol-econ/good_bad_growth.douthwaite.html
- Ebermann, W. (1998), in an interview entitled “Links? Rechts? Oder was?” in: *taz mag* (the magazine of the newspaper die tageszeitung, Germany), No. 47, August 15-16, 1998, p. 3. My translation.
- Elsenhans, H. (1996) *State, Class and Development*. New Delhi, India: Radiant Publishers
- Emmanuel, A. (1972) *Unequal Exchange: A Study of the Imperialism of Trade*. New York, USA: Monthly Review Press [translated from the 1969m French original]
- Havlik, P. (1996) “Exchange Rates, Competitiveness and Labour Costs in Central and Eastern Europe,” *WIIW Research Report* No. 231 (October). Abstract available at: <http://www.wiiv.at/summ231.html>
- Heilbroner, R.L. and L.C. Thurow (1978) *Understanding Macroeconomics*. 6th edition. Englewood Cliffs, USA: Prentice-Hall
- Galbraith, J.K. (1995) “Global Keynesianism in the Wings,” *World Policy Journal* (USA). Here quoted from an electronic version of the article.
- Keynes, J.M. (1964) *The General Theory of Employment, Interest, And Money*. New York, USA: Harcourt Brace Jovanovich [reprint of the 1936 original]
- Köhler, G. (1998) “The Structure of Global Money and World Tables of Unequal Exchange”, *Journal of World Systems Research* 4,2: 145-168.
- Kuttner, R. (1998) “What sank Asia? Money sloshing around the world”, *Business Week* (USA), July 27, 1998, p. 16
- Mandel, E. (1978) *The Second Slump: A Marxist Analysis of Recession in the Seventies*. London, England: NLB, 1978 [revised and translated from the 1977 German edition]
- Mankiw, N.G. (1994) *Macroeconomics*. 2nd edition. New York, USA: Worth Publishers
- Mead, W.R. (1989) “American Economic Policy in the Antemillennial Era,” *World Policy Journal* (USA), vol. 6, no. 3 (Summer 1989), p. 385-468
- Misik, R. (1997) “Der Euro ist ein linkes Projekt”, *die tageszeitung* (Germany), 25 August 1997, p. 10
- Moore, B. (1988) *Horizontalists and Verticalists: The Macroeconomics of Credit Money*. Cambridge, USA: Cambridge University Press
- Patterson, W.A. (1997) *memorandum on the internet*, 05 Oct 1997

- Redmond, D. R. (1997) "Re: Globalization and world systems (& EU)", message to the Internet forum WSN, 17 Nov 1997, at: <http://wsarch.ucr.edu/wsnmail/>
- Tausch, A. (1997) *Schwierige Heimkehr: Sozialpolitik, Migration, Transformation und die Osterweiterung der EU*. Muenchen, Germany: Eberhard Verlag
- Seccareccia, M. (1991), "Salaire minimum, emploi et productivité dans une perspective post-keynésienne", *L'Actualité économique. Revue d'analyse économique* (Canada), vol. 67, No. 2, juin 1991, p. 166-191
- Singh, A. and A. Zammit (1995), "Employment and Unemployment, North and South", in: J. Mitchie and J. Grieve Smith, eds., *Managing the Global Economy*. New York, USA: Oxford University Press, p. 93-110
- Solow, R.M. (1956) "A Contribution to the Theory of Economic Growth," *Quarterly Journal of Economics*, vol. 70 (February 1956), p. 65-94
- Wallerstein, I. (1978) "World-System Analysis: Theoretical and Interpretive Issues," in: Kaplan, B.H. (ed.), *Social Change in the Capitalist World Economy*. Beverly Hills, USA: SAGE Publishing, p. 219-235
- World Bank (1995) *World Tables 1995*.
- Yotopoulos, P.A. (1996) *Exchange Rate Parity for Trade and Development: Theory, tests, and case studies*. Cambridge, England: Cambridge University Press

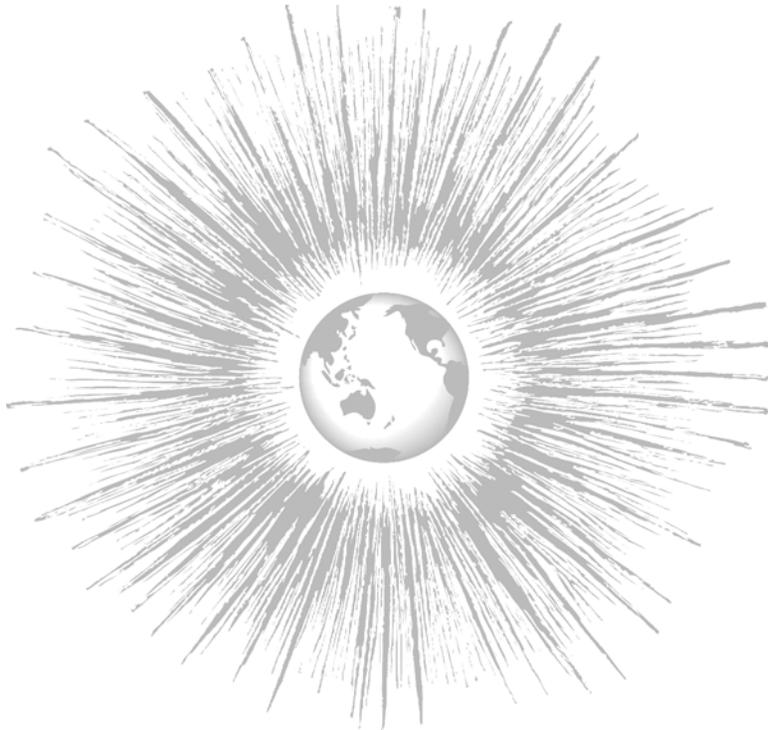
GLOBALIZATION AND THE FUTURE OF DEMOCRACY

John Markoff

ROUSSEAU GETS IT WRONG

Writing on the eve of the democratic breakthrough of the late eighteenth century, Jean-Jacques Rousseau gave vivid voice to a critique of the political institutions across the Channel that were admired by so many French reformers of the day. Commenting scornfully on British electoral practice, he observed in 1762 that: "The people of England regards itself as free, but it is gravely mistaken. It is free only during the election of Parliament. As soon as they are elected, slavery overtakes it, and it is nothing. The use it makes of the short moments of liberty it enjoys merits losing them."¹ Rousseau's contention about the limitations of electoral institutions was in no way superseded by the age of democratic revolution that followed. From the 1790s to the present, there have been recurrent complaints about the depth of popular involvement in political life, the reality of popular control over powerholders, and the possibility that the existence of some form of institutional channel for participation could blind publics to the inadequacy of that participation. Rousseau's critique has repeatedly reappeared in one form or another and has informed movements for a more genuine democratization.

But as a matter of simple, empirical observation, Rousseau was utterly mistaken about the British political practice he so eloquently despised. For even the occasional contests for a Parliament of uncertain authority in which only a narrowly constituted stratum had the right to vote provided occasions for the political involvement of much larger numbers, often in ways that overflowed the bounds of electoral and even legal practice. Local elites mobilized large numbers for festive parades, distribution of leaflets, and the display of enthusiasm, not to mention the occasional attempt to intimidate the partisans of rival candidates. Not only did a larger target public need to be courted than had the right to vote, but an opportunity for



popular forces to bargain with elites was institutionalized. Elections could easily be a time of disturbance as well as celebration, a moment for challenge as well as a ritual of orderliness.² And parliamentary representation created a framework for the petitioning of representatives, including the organizing of petition drives by the representatives themselves.³ Only one year after Rousseau's complaint, in fact, the expulsion of John Wilkes from the British Parliament set off a long campaign fought out in the journalistic, judicial, electoral, and parliamentary arenas—and in the streets—that was an early prototype of the modern social movement.⁴

If some of the political institutions of early modern Europe already presented opportunities for popular action, the democratic breakthrough of the late eighteenth century linked together:

- elites claiming to rule on the basis of popular consent
- the creation of new formal institutions through which the will of the people was to be shaped, made known, and asserted
- the proliferation of organizational networks to influence parliaments (in the form of territorially-, occupationally-, or issue-based associations)
- the explosion of journalism, as citizens sought up-to-date information on what was happening on high, those on high sought equally up-to-date information on what was happening down below, and some of those on high sought information on the doings of each other
- and the flowering of new forms of political struggle for those outside the centers of wealth and power.

Let us glance back before the democratic breakthrough at forms of popular struggle in Europe. It was often very dangerous for people to openly, directly, and collectively challenge the claims upon them of local landowners, urban patriciates, or the agents of governments. Those with little power, therefore, often developed a wide repertoire of methods of self-protection, including concealing of their earnings from tax-, tithe- or rent-collectors, falsifying the ages of their sons when dealing with the recruiting sergeants, and avoiding visible criticism of the powerful.

In some places and times, the rhythms of social life facilitated the forging of collective action. In western Europe before the nineteenth century, for example, market days became occasions for country people not only to come together, but to join with town residents in coercing local authorities to provide flour or bread at affordable prices. Sundays, which brought a rural community together at church, were particularly turbulent since the morning's attention to the word of God could be followed by a decision to mount an immediate attack on some local enemy, most often around issues of food or taxation. A local tavern might be a place where the chiefs of work-gangs of migrant laborers could plan some action on behalf of wages.⁵

Most popular collective action took the form of attacks on known, visible, immediate, local targets. At moments of elite division (for example the frequent conflict of local lords and the agents of distant monarchs), or loss of immediate coercive power (for example when the royal army was off campaigning), opportunities for popular assertion were particularly favorable. It is not always easy to distinguish popular forces mobilized by an elite patron in some intra-elite quarrel and popular forces mobilizing themselves to take advantage of some intra-elite quarrel. Nor is it easy to discover the points where popular intervention may have gone beyond favoring one or another elite position more advantageous to those down below and redefined what was at stake by forcing the elites to attend to plebeians' concerns. Assaying the effectiveness of rebellious popular politics, particularly as that effectiveness no doubt varied across space, over time, and from one sort of grievance to another, is a major agenda for social historians.⁶ But my starting point here is noting the epochal shift of the democratic breakthrough of the late eighteenth century.

Several distinguishable yet intertwined processes radically transformed the structures of government and the forms of popular political action. In western Europe, the increasing transfer of power from local arenas to national ones provoked (and was provoked by) new forms of popular politics. Increasingly effective claims by distant authority were matched by a shift away from challenges to local elites—ranging from the multiple forms of hidden resistance to open, collective and violent insurrection—and towards long-term campaigns to influence distant national governments. A full account of the development of new forms of collective action by and

on behalf of those excluded from the circles of wealth and power would consider:

- the ways in which changing patterns of earning a living (especially production for distant markets), concentrated urban residence (especially working-class neighborhoods), and concentrated manufacturing created new patterns of solidarity
- the ways in which new cultural capacities, particularly the development of literacy, did likewise
- the great variation from place to place in the histories of central political institutions, of literacy and of ways of earning a livelihood.

The very broad result was the intertwined development of new institutions of governance and modern social movements. People on high were bidding for the acquiescence or even the support of those down below; and those down below were creating new ways of influencing the plans of those on high. The institutions of modern democracy and the modern politics of the street developed in tandem.⁷ Parliamentary and electoral processes

- provided targets for long-term mobilization campaigns
- created channels for the exertion of influence
- displayed a model for asserting that political action was legitimate to the extent that it was carried on by agents of “the people”, with the consent of “the people”, or on behalf of “the people,” and for conflating these three claims
- diffused political sensitivity to the sheer number of people affiliated with one or another political position on the model of electoral or parliamentary pluralities, thus encouraging organizers to find the means to demonstrate that their positions had large numbers of adherents (including petition drives, mass strikes, and demonstrations).

In these ways the development of democratic institutions encouraged popular mobilizations even against the policies and personnel of the rulers.

(This is the broad picture; much detail including variation in time and space remains to be filled in.)

THE UNEVEN TRAJECTORY OF DEMOCRATIZATION

The late eighteenth century seems to be a crucial moment in forging the linkages among democratic claims of legitimation, new forms of popular mobilization and new institutions of governance that eventually came to be summed up by the catchall term “democracy.” It is symptomatic that the 1780s appear to be the moment when the word “democrat” entered political discourse⁸ as a term of praise or (probably more frequently) abuse, because people were engaged in attempting to imagine, and realize, new institutions here and now. After North American settlers defeated the greatest maritime power of the age, French revolutionary armies dominated Europe, and Haitian ex-slaves fought off the armies of three empires, the power of democratic claims to legitimation were clear to all, and many states began to make claims that they ruled as the deputies of, with the assent of, or in the interests of “the people” as never before. Even conservative states were coming to do so by the time the French forces went down to defeat.⁹

As states were claiming their rule reposed on popular will, challengers, at intervals, denied such claims with the counterclaim that it was they, the challengers, who spoke for the people, or for some heretofore excluded component. And as elite reformers sought to use democratic legitimation for their own agenda, elite conservatives sought to find some other principle for governance. Out of such struggles, new institutions were created. Democratization advanced in large part in several multicontinental waves.¹⁰ But democratization was in no way merely the diffusion of some known, fixed model, for in the course of these struggles, new institutions were created that have redefined democracy. Innovation was a multicontinental process, with many points of innovation, although generally not in the world centers of wealth and power. (For example: the first national success for the women’s suffrage movement was New Zealand; the uniform adoption of the secret ballot was pioneered in Australia; the writing of national constitutions was launched in the late eighteenth century United States, followed in Europe by Poland; Denmark abolished its slave trade before England did and newly independent Spanish American states were well ahead of the US in abolishing slavery itself—and Haiti was even earlier; many of the states of the new

United States pioneered in eliminating property qualifications for voting, followed by some of the Swiss cantons; and the very identity of “democrats” was first claimed in the low countries.¹¹) Democracy in short has never been a finished thing, but has been continually renewed, redefined and reinvented, drawing on political struggles in many places. And in this reinvention, the interaction of social movements and elite powerholders has been crucial.

Although multicontinental in scope and extending across two centuries since the late eighteenth century, democratization has not been a smooth nor a uniform process either temporally or spatially. A look at the Europe of 1815 would have suggested that conservatism as much as radicalism was a legacy of the revolutionary era. In the twentieth century, there have been three major democratizing moments. Struggles about parliamentary powers over ministers and budgets, and over the extension of and equalization of suffrage rights were tremendously accelerated as the First World War went on and on. Although dissenting voices were initially stifled, wartime labor shortages eventually gave increased clout to workers and women (as many women became workers); and post-war fears of revolution led elites to find non-revolutionary routes to meet working-class aspirations. The word “democracy” was used more frequently in public discourse than ever before¹² and one major power, the United States, even defined the war as about democracy. The western democracies emerged with their political systems more or less intact, despite the vast wartime suffering in some of them. The new states formed on the ruins of empire in central Europe frequently opted for democratic structures, those freed from colonial domination (Iceland and the Irish Republic) also adopted the triumphant model, and other states emerged from revolutionary turmoil, like Mexico and Turkey, to take on democratic elements.

But in the 1920s and 1930s, a wide variety of antidemocratic monarchs, militaries and mass movements subverted or overthrew the new democracies in continental Europe; by the early 1940s the fascists’ armies had overrun most of the older ones while antidemocratic regimes were common in Latin America as well (sometimes including fascist elements as in Brazil’s “New State”). The defeat of fascism provided the opportunity for a new, and geographically broader, democratizing wave, as western armies remade western Europe and Japan, decolonization in Asia and Africa opened the

way for democratic constitutions, and, joining the trend, a number of Latin American states followed suit.

This wave, too, generated powerful counterforces, and during the Cold War antidemocratic currents allied to and supported by one or another side in the U.S.-Soviet struggle challenged hopes for a democratic future. While Russian arms supported communist rule in eastern Europe, the U.S. encouraged the near universal rule of anticommunist generals in South America and both sides supported antidemocratic directions in postcolonial Asia and Africa. So the democratization of the states was not a smooth, uniform process temporally. Nor was it uniform spatially.

As of the early 1970s, democratic institutions tended to be characteristic of countries with high standards of living, and unusual (although not unknown) elsewhere. If about 1970 the core of the world-economy could be said to have largely (in some places recently) democratized, in the next multicontinental wave the locus of the democratizing transformation was, approximately, the semiperiphery.¹³ In the 1970s the military overthrow of Portugal’s long-standing authoritarian regime launched the most recent wave of democratization, which has by now embraced other southern European states, most of Latin America, eastern Europe, several Asian cases (South Korea, the Philippines, Taiwan), and South Africa, and was still continuing into the 1990s with struggles for democratization in Kenya, Nigeria, Burma, Hong Kong, Indonesia and elsewhere. In geographic range this has been the most extensive wave of democratization thus far.

On the eve of a new millennium, more people in more countries than ever before in human history had a voice in the selection of the incumbents of political office in the states of which they are citizens. Some observers have been so carried away by the sudden surge as to make millenarian pronouncements to the effect that history is now over and the democratization of the remaining states will be simply anticlimactic.¹⁴

If we try to understand the current moment in relation to democracy’s history, however, it seems to me that this is not an occasion in which democrats should be complacently celebratory, but concerned, perhaps even alarmed. Democracy’s future is deeply threatened in several ways. Let me sum up the past two hundred years of democratic history. The intertwined histories of democratic legitimations, social movement activism and institutional changes generated, in some of the world’s states, a significant

democratization of the institutions of government. Despite antidemocratic countertrends,¹⁵ the long run direction of change in some of the states was a democratization of state power. What I shall be suggesting about the current moment is three-fold.

First, there are in fact very significant countercurrents that threaten, as in the past, the democratization of the states.

Second, the current moment is one in which it is becoming evident that the democratization of (some of) the states is not remotely enough to assure a more democratic world.

And third, the mechanisms that were so important in achieving the (very imperfect) democratization of (some of) the states are very unlikely to be capable of achieving the democratization of the emerging new structures of power.

THE CHALLENGES OF GLOBALIZATION

The question of new structures of power is crucial. The interplay of democratizing institutions, democratic legitimations of power and social movements was born out of an epochal redeployment of power from local to national arenas. The end of the twentieth century may be another such epochal moment of redeployment of power, from national states to a variety of trans-statal structures, which are probably still only in embryonic form. This much-discussed globalization presents some significant challenges to the democratization of the states, some of which I shall touch on here. But these transnational processes are raising in a very stark way an issue beyond the democratization of the states. For we must recognize that the entire modern history of democratization has been, and continues to be, precisely the democratization of some, but not other, states. Democratization has given some people, but not others, some measure of control over those on high. Globalization is not only a challenge to the democratization of the states. It raises the issue of whether the democratization of the states is even going to continue to be meaningful in a world of transnational connection. What will be at stake, in the twenty-first century's history of democracy, if there be any to reflect on at the next century's end, will be the question of what a more democratic world might look like. I will first examine the threats to the democratization thus far achieved of the national states, and then turn to the limitations of that achievement. I shall consider this first group

of issues under four broad heads: the meaningfulness of electoral accountability to citizens; the nature of citizenship; the reinvigoration of exclusionary politics; and, last but hardly least, the continued effectiveness of social movements as a force for democratization. These issues are all intertwined, but I shall not attempt to map out all the interconnections here.

Although distant places have often had significant economic linkages, the volume and diversity of these linkages has enormously expanded as capital investments, goods and services, and (although to a significantly lesser extent) labor have become mobile as never before. Giant corporate actors and otherwise atomized individuals alike can enter into near instantaneous contact with distant interlocutors through fax and e-mail. Governments, partly as a consequence, have been losing their capacity to control the economic and cultural life of the territories vulnerable to their authority, but additionally now often seem eager to shed some of their traditional responsibilities in the name of the allegedly superior efficiencies of the globalizing marketplace.

And now we enter a realm of claims and counterclaims about this web of transnational connection whose students have made the most varied arguments.¹⁶ For some, the sheer quantity of global financial transactions, or the flows of immigrants (legal and otherwise), or the economic clout of transnational criminal enterprises, or the geographic reach of pop music amount to an overwhelming case that we are entering an utterly novel era, in which the states are less weighty players, utterly unable to control these diverse flows. A very different response is suggested by the world-system argument to the effect that the capitalist world-system has always involved separate states enmeshed in a transnational economy subject to their influence to some extent but securely beyond their effective control. Others argue that use of the grand term "globalization" to include transborder connections that might be merely dyadic or that might be regionally circumscribed is deeply misleading. Others yet again contend that some of those misleading claims are deliberately misleading, are ideological defenses for attacking worker rights in the name of the tough measures that are allegedly necessary in the face of the inevitably global marketplace (claims that run much stronger in the United States than in most of Europe). And still others argue that the central change is an increased awareness of crossborder processes, some of which are not in themselves of especially recent vintage; an important vari-

ant of this last contention goes on to point out that this newfangled global awareness can itself be the motor of further change. So some see epochal change and others write of “the globalization hoax” or even “globaloney”; some in France speak of “globalitarianism”.

Distinguishing trends in the web of transnational connection from changes that are cyclical in character; distinguishing both trends and cycles from transnational phenomena of long-standing that have been mistakenly thought to be new; distinguishing increasing transnational flows of people, goods, and ideas from increasing awareness of such flows; and distinguishing statements that are true of one or several locations from those that are true of the world as a whole constitute a very large but urgent research agenda. I believe the available evidence suggests that there are both frequently exaggerated claims of novelty that are simply mistaken and purposeful attacks on social programs in the name of the global marketplace—both of which are important to correct and challenge. Nonetheless, I also believe the available evidence to indicate that there are both cycles and trends¹⁷ whose character may be clarified as systematic research catches up to anecdote and hype. Among those trends is a proliferation of transnational mechanisms for economic decision-making.¹⁸

The impulse to transnational structures for decision-making is multiply motivated, rooted in various forms of crossborder connection that generate threats from which even powerful elites may be unable to protect themselves without new structures of governing. These include: the invention and subsequent diffusion of nuclear weapons and globe-circling missiles; the more insidious long-term challenge of potential global environmental devastation; and the possibly ruinous consequences of uncontrolled global economic markets. These have all impelled the powerful to begin to create new mechanisms of crossborder coordination.

THE MEANINGFULNESS OF ELECTORAL ACCOUNTABILITY TO CITIZENS

In this emerging world of transnational connection, the abilities of national governments to manage many important things are diminishing.¹⁹ Control over flows of capital is proving especially elusive, but the movement of goods and even of the relatively less mobile individual workers have proven hard to control as well. Effective decision-making power over parts

of the transnationalized economies is becoming established elsewhere than the states, and in several forms:

There are formally constituted trans-statal quasi-governments of which the European Union is the most powerful within its formal jurisdiction and the United Nations the geographically broadest in its scope. The European Union’s executive agencies have an enormous capacity to issue a myriad of binding regulations affecting business and consumer interests, but the EU is also involved in redefinition of welfare rights, environmental concerns, educational practice and even human rights issues. For its part, the United Nations’ recent propensity to dispatch various combinations of relief workers and armed soldiers in the name of human rights to various places defined as “failed states” (as in Somalia, Zaire or Bosnia-Herzegovina) suggests a new tendency of trans-statal organizations to regard national “sovereignty” as less sacrosanct than heretofore. As the post-World War Two norm that all should live in sovereign states came to approximate fruition with decolonization and the breakup of Soviet Europe, sovereignty itself became blurrier.

There are also formally constituted agreements for regulating the levels and nature of economic integration without other quasi-governmental trappings of which we might take the North American Free Trade Agreement (NAFTA) among Canada, the United States and Mexico or South America’s Mercosur as models. Agreements of this sort have the potential to significantly constrain not only economic policy, narrowly conceived, in the signatory states, but a whole range of other concerns, including environmental and even human rights issues. It might for example be claimed that such and such a conservation measure violates the free-market provisions of some agreement. It seems merely a matter of time before some powerful economic interest launches a lawsuit claiming that some government’s public education system constitutes an improper subsidy of economic rivals.

And then there are agreements among financial interests to make major decisions about the geography of capital flows of which the International Monetary Fund and the World Bank are by far the most consequential. Successful agreements between a state and those organizations are taken by other financial interests as the transnational equivalent of a good credit rating. A full survey would include the various forms of multinational corporation, the subcontracting corporate relationships centered in Japan, and the

Asian business networks linked through kinship ties, as well as the transnational networks that move falsely labeled commodities ranging from clothing with fake labels to pirated CDs and the vast trade in illicit psychoactive substances. Among such hidden structures of crossborder negotiation, perhaps we ought not to omit some of the activity of governments themselves, in particular some of the secretive meetings among finance ministers of the major industrial countries, currently constituted as the G-8.

The simple, but very important consequence: at the historical moment when more citizens of more states than ever before in human history have been acquiring some control over the incumbents in office of the national states, the capacity of those incumbents to function as autonomous national policymakers has been seriously eroding. Few governments in the world today risk a serious confrontation with the economic policies dear to the IMF and World Bank²⁰, for example²¹. No government seems able to prevent its police forces from supplementing their salaries from the treasuries of transnational criminal enterprises. The relationship between the wishes of elected politicians and the rulemakers of the European Union is exceedingly complex. Crossborder infusions of money now seem a feature of U.S. presidential election campaigns, suggesting that the use of foreign funds to influence elections would no longer be exclusively a tool of US-based interests operating abroad but could run in the other direction as well.²² We could sum this up as a diminution of national sovereignty.

In short, states are weaker in the global marketplace. This particular challenge to democracy is very profound: publics, to an unprecedented extent—if far from everywhere—can choose incumbents but it hardly follows from that fact that they thereby can choose policy, especially on central matters of economic life.

WITHDRAWAL OF STATES FROM COMMITMENTS TO WELFARE

An important aspect of these diminished state capacities is the degree to which states are doing it to themselves.²³ Students of contemporary western European politics, for example, speak of a hollowing-out of the state, as all sorts of functions pass upwards to transnational bodies (like the European Union), downwards to reinvigorated local or regional organs of government, and outwards in the form of privatization (which may be accomplished via deregulation, sale of assets, or the replacement of bureaucratically supervised

public services by contracting out to private agencies). In the United States in recent years we have seen the federal government turning over much of its poor relief to the states and some of its vast population of imprisoned persons (by far the largest such population in the world) to private prison-providers. In other parts of the world, we have seen the collapse of European communist regimes, the embrace of the market by their Asian counterparts, and a general retreat from commitments to state-led developmentalism in many poorer countries. Most Western European states are moving, with varying misgivings, to give up the economic leverage afforded by control over their own currency in favor of the common Euro.

So there is an ideological dimension to restricting the sphere of state action, in which even holders of state power are participating. The belief in the superiority of “the market” over “the state” has many components ranging from ethical claims about human freedom to technical claims about efficiency, so there are many arguments that devalue central political institutions in favor of “the private sector”, the “local community”, “the family”, “the individual”, or “the free market.” Champions of such positions maintain that the agents of states have been responsible for many evils, including hindering the wealth-generating capacities of less regulated economic enterprises. In this view, those who saw states as agents for either the generation of wealth or its more just redistribution, were, at best, well-meaning but mistaken. The untrammelled marketplace will augment aggregate wealth and the interplay of market forces will on its own, in the fullness of time, redistribute that wealth and relieve the crushing poverty in which many live. Redistributionist state actions are folly, and accumulationist state actions even worse. Not to worry—a rising tide raises all boats.

In fact, the empirical evidence suggests that on a world scale this particular rising tide merely raises all yachts. In the recent period of state retreat, and concomitant acceptance of the global market as the central social institution to which all other institutions need accommodate themselves, the income gap between the poorest and richest has been growing apace.²⁴

Of course, there is nothing especially new in some people being much poorer than other people. What is striking about the current moment, however, is how issues of poverty have become marginal in political debates in some of the richer countries. In the United States and in Great Britain, for example, the major parties vie with each other for the votes and support of

everyone but the poor.²⁵ And should recent trends in income distribution, globally, continue—to be sure this is a speculative matter about which much controversy swirls²⁶—it is not hard to wonder if poorer people in democratic countries will indefinitely continue to assent to a political system in which the major parties compete in ignoring them. In the new economic order lifetime careers may be giving way to part-time, temporary jobs. Enhanced freedom from state regulation for owners of capital means downsizing, flexible specialization, outsourcing, capital mobility across interstate frontiers, and rapid technological change that threaten economic insecurity for many. Even middle-class homes are threatened with economic insecurity as a permanent state of affairs. It is hard to see why political challenges to the constitutional order will not eventually be heard.

In this connection, let us consider the recent, widespread reversals of social welfare policies. Many students of politics since World War Two simply assumed an inevitable connection of expanded rights of democratic participation and expanded social rights.²⁷ If all adults have the vote, so the argument went, of course the large numbers of people who feel economically threatened by potential medical costs, old age, expensive education for their children, and so forth, would support programs of social provision. Such programs in turn would attach large numbers of people to the current constitutional order. So democratization would promote social provision and social provision in turn would assure large majorities favoring democracy. But the first half of this relationship has suddenly and rapidly eroded—raising important questions about the second half.

Let us briefly consider the unexpected withdrawal of the wealthier democratic states from social provision. Relevant aspects of the current climate, some already discussed, include:

- widespread embrace of notions of priority for the market over other human institutions
- the weakening of labor as a political force
- pressures to reduce government expenditures coming from transnational financial networks
- expedient concern for competitiveness in the global marketplace

- the invocation of the global marketplace by the powerful in order to convince democratic publics to acquiesce in an increase of profits at the expense of labor.

LATE TWENTIETH CENTURY EXCLUSIONARY POLITICS

Part of what gives anti-welfare positions their special force today is a fragmentation of political identities. To the extent that poorer people are identifiable as ethnically distinctive, including an identity as recent immigrants, some political parties are able to denounce welfare as taking from “us” to give to “them.” With millions of North African Moslems in France, Turks in Germany, and Albanians and Africans moving to Italy, the mobilization of xenophobic sentiment is readily linkable to an attack on welfare. When Surinamese or Indonesians show up on Dutch welfare roles, the Dutch rethink their generous unemployment insurance. Moreover, the weakening of labor in the transnational marketplace reduces the likelihood that a collective identity as workers will effectively override this fragmentation. The shift among a portion of France’s workers from voting for the Communists to voting for the anti-immigrant National Front is an important sign of the power of anti-immigrant politics in an age of globalized economics.

In the absence of policies directed at their inclusion, in the absence of notions of minimal acceptable standards of life guaranteed by a national community, will large numbers of poorer people feel materially or symbolically excluded from national life and simply opt out of support for a democratic practice that no longer aspires at both their inclusion and material advance? Such a possibility may be more profoundly corrosive of democracy than the direct exclusionary notions of xenophobic parties.

But xenophobic politics is by no means insignificant. Patterns of economic, political and cultural transformation have made political conflict over national identities dramatically salient, with the fragmentation of the Soviet Union, Yugoslavia and Czechoslovakia and the unification of Germany; with the murderous violence in ex-Yugoslavia and some of the fragments of the ex-Soviet Union, and massacres in Rwanda; with the cycles of violence and counterviolence surrounding the rights of groups in Ethiopia, Sri Lanka, India, Turkey, and Northern Ireland; with the increasing significance of political conflict over immigration policy in the wealthier countries, including Germany, France, Italy and the United States; and with continu-

ing challenges to the present national state in Canada and Belgium.²⁸ Current social transformations assure that conflicts defined by the participants in ethnic terms will continue to be a highly significant part of political life in many countries. Such conflicts in themselves are hardly unprecedented; what is to the point in the present context is the challenge conflicts structured around such identities pose for democracy.

Capitalism continues to ensure change in which productive processes and which places on the globe prosper, which scrape by, and which are impoverished. The radical and rapid shifts in the location of technological innovation mean that some economies boom while others decline (and some may do both in rapid succession). While some firms grow and others shrink, new university graduates of programs geared to last year's job market often find themselves un- or under-employed. As contemporary means of computer-related communication permit enormous flexibility, the proportion of young people who can look ahead to permanent careers within bureaucratized firms whose bureaucratic hierarchy defines career possibilities, may very well shrink as firms downsize, outsource, shift to part time workers, or fail altogether in competition with firms in other countries. Economic insecurity now seems likely to be a significant element in many a middle class professional life for the foreseeable future in many a country.

Insecurities make the appeal of security great, and some will urge the restoration of the communal culture of the past, often a fictive past, as a shield against the individualizing, isolating, and anxiety-generating forces of modern economies. This past can easily be defined in part in ethnonational terms: foreign investors are destroying the national patrimony and the national community, new immigrant workers take our jobs and subvert our culture, established minorities were never real participants in the national essence and need to be subdued or expelled. The increased role of denationalized technocrats in positions of visible political power²⁹, and the openness of national economies to the transnational economy that those technocrats tend to promote, help sustain a communally oriented embrace of (possibly imaginary) traditions. Religious fundamentalisms, xenophobic political parties and ethnic violence are all energized. In the wealthier countries today we see as a consequence some interesting divisions among those who identify with the political right, as some embrace reviving supposed communal traditions and the moral virtues under challenge in an individualistic age,

while others champion the global capitalist marketplace and proclaim the individual will to be the sole repository of moral authority.

This is an economy in which the dictum that capital has no country is as close to realization as it has ever been. This is an economy in which wealthier countries have large numbers of immigrants, permanent, semi-permanent and temporary, and in various degrees of legality; in which transnational political institutions deploy armed force; and in which cultural hybridity is as close as the omnipresent TV. Such an economy generates political movements of the threatened, and countermovements of those threatened by these movements. Some of these movements and countermovements focus on the incursions of transnational capital and the semi-treasonous actions of national governments that fail to protect the national essence. Others address the cultural challenge posed by the sacralization of the market. If market-worshipping governments no longer subsidize the costs of paper and printing and do not provide subsidies for writers and publishing houses, for example, what intellectuals take to be respectable work may vanish from the bookstores as no longer commercially viable, while cheap translations of (and local mimicry of) foreign romances, pornography, tales of UFO encounters and pop psychology rapidly proliferate.³⁰ While some champion the freedom of the free market, others deplore what are held to be its cultural consequences.³¹ Foreign workers are a particularly common target in the wealthy countries. Some of the claims being made about the unprecedented character of late twentieth century transnational labor mobility need to be toned down somewhat in light of late nineteenth and early twentieth century labor mobility (with few legal restrictions). Nonetheless, at a moment of heightened anxiety and enthusiasm over globalization, the worker from elsewhere is often a more immediate target for resentments than the distant decisions of banking consortia or those in charge of TV programming.

For at least three reasons, many students of democracy regard such conflicts as very difficult to address within the confines of democratic procedures. All three deserve extended discussion; here I only comment briefly on each.

First of all, strongly held identities may challenge the very existence of a national state. To those for whom such identities are a more significant matter than the procedures followed by the alien and inherently oppressive state under which they feel they live, it may be a matter of indifference how

that state is governed: indeed to the extent that democracy seems to secure the allegiance of citizens, including citizens of the nationality for which the nationalists claim to speak, democracy itself may be held to be a target to be destroyed if possible. The actions of some parts of the Basque separatist movement in the post-Franco period have been in this vein.

Second, it is often suggested that conflicts framed in terms of collective identities are far less subject to negotiated compromises than conflicts framed in class terms.³² Where the conflict of labor and capital dominates, one can imagine all sorts of compromises: at the crudest level, labor accepts certain levels of profit and capital accepts certain levels of wages. Conflicts over the claims of minorities to distinct educational systems, distinct public use of language, and public displays of religious affiliation often do not have any very obvious intermediary position.

Third, democratic protections for free speech and free association permit political mobilization around ethnocultural questions that may sometimes be successfully stifled under authoritarian political systems. A transition toward democracy may also be a transition toward open expression of inflammatory positions. The murderous violence in ex-Yugoslavia in significant part derives from the capacities of political elites in Serbia and Croatia to mobilize nationalist appeals within a partially democratizing context. But it is not merely a matter of the limited character of the democratization. The violent intimidation of the Czech Republic's gypsy population in the 1990s is happening in a state whose democratic features are far more developed than those of ex-Yugoslavia. In ex-Communist Europe, indeed, the expression of ethnically defined hostilities is part and parcel of the experience of recent liberation from coercive states defining the limits of acceptable public discourse. Anti-Russian speech (and legislation) in Latvia and Estonia, anti-Gypsy violence in the Czech Republic, Hungary and Romania, and anti-Jewish speech (without legislation) in a near Judenrein Poland are part and parcel of those countries' democratizations.

THE FUTURE OF SOCIAL MOVEMENTS AS DEMOCRATIZING FORCES³³

Let me turn now to the continued effectiveness of social movements as a force for democratization. Recall that as power passed from local lords and local officials in Europe to central authority, people engaged in conflicts

began to develop new techniques to press that new authority to act on their behalf. The emerging movements became a critical element in the democratization of the states and democratization encouraged further movements. Indeed, the movements became an element that shaped the very contours of state power, as those states took on vastly expanded welfare and police activity in part in response to pressure and threat from below.

We appear to stand at another such epochal moment of redeployment of power—away from national states and toward transnational actors. It is far from obvious that social movements as we have come to know them over the past two centuries will be able to operate with the same effectiveness in relation to transnational structures of power as they have in relation to national ones. Of all the issues I am discussing here, the most serious in my view is the possibility that there may be no forms of social action for the effective democratization of power. But we need to review what is happening to movements in the present in order to speculate about the future.

The attention that scholars of social movements have been devoting to the transnational aspects of movements has been expanding so rapidly that virtually anything one says based upon current research might have to be rethought in the future (and the forms of political action may themselves be in flux). Nonetheless, I believe this recent research³⁴ thus far suggests the following three statements:

Throughout the entire modern history of social movements, notions of strategy and tactics, models of organizational forms, general notions of social justice, and participants in social movement activism have frequently crossed national frontiers.

In the past few decades, a wide variety of transnationally organized activists have made intermittently effective use of international organizations, NGO resources, and the governments of some national states to address issues in other national states. For the most part, the activities of such transnational activist networks do not include the collective, public, mass mobilizations that some see as among the defining hallmarks of social movements.

Although the institutions of transnational power have been targets of mass mobilizations (as well as of the lobbying campaigns of transnational advocacy networks), for the most part social movement activism has contin-

ued to address national states, although sometimes with an eye on having that state take some action on some transborder matter.

There are several distinct levels on which social movements might respond to the shift in power from national states to transnational structures. We might look for analyses by activists that recognize the transnational character of issues. We might look for the development of transnational organizations. We might look for the deployment of tactics that address transnational sources of power. Instances of all of these are not hard to find. People in the environmental movement have often spoken of the global context of environmental issues, have held international conferences to exchange ideas among themselves and sometimes have acted across national frontiers. The human rights movement also has a strong tendency to organize across state boundaries. The very notion that we have rights as human beings, not only as citizens, and that as fellow human beings we need to support each other against abusive governments, is in itself a challenge to notions of national sovereignty. Women's rights activists have made some effective use of international organizations. Popular protest on several continents has been mobilized around actions of the IMF and World Bank.

Nonetheless, it seems fair to say that, thus far, the principle way social movements have acted in the transnational arena is to deploy their own traditional techniques of political action. People moved by some transnational issue have been, on the whole, inclined to challenge their own national governments to take some position in the transnational arena.³⁵ Environmentalists, for example, demand that their governments sign some treaty among governments protecting the sea or the air; human rights groups demand that their governments stop supporting other governments that violate human rights. And when it comes to economic policy, challenging one's own government is overwhelmingly the main arena of action of today's movements. Margaret Keck and Kathryn Sikkink have shown a rapid increase in the number of organizations engaging in transnational political activism (by their figures, from 102 in 1953 to 569 in 1993) but they have persuasively shown that these organizations are, for the most part, not engaged in mobilizing transnational collective action.³⁶

Not only do social movements still largely move in their own national arenas, but the gains they have made over the past two hundred years have largely been at the level of the national state. The labor movement,

for example, so important in the history of democratization, has largely achieved its successes through national labor legislation. But with the rapid transnational deployment of power, the capacity of labor's traditional modes of action and organization to advance the interests of workers has declined with remarkable rapidity in the traditional industrial heartlands. If owners of capital can easily move their investments to another country, it is extraordinarily difficult for the labor movement to take effective countermeasures. Its traditional means of engaging in conflict, which we may summarize as striking, demonstrating and voting have all been reduced in effectiveness. Strikes are a riskier business when capital is so mobile, and mounting demonstrations as well as effective use of the ballot have been weakened by the fragmentation of a worker identity. The environmental movement has the proud slogan, "Think globally, act locally." But for many issues there may be no effective local actions.

This does not mean that social movements have no effectiveness at all in relation to transnational power. Even acting locally, the environmental movement has significant achievements. European farmers or truckers demanding that their governments take particular actions within the governing structures of the European Union have sometimes had considerable impact. And human rights protesters challenging their own governments to withdraw support from South Africa in the 1970s and 1980s helped bring about an international climate that encouraged the dramatic abandonment of that country's racially organized governing structure. Jackie Smith's quantitative inventory of the growth of "transnational social movement organizations" between 1973 and 1993 finds that more than half of such organizations at that latter date can be grouped under three broad rubrics: "human rights", "environment" and "women's rights",³⁷ which suggests that an exclusive focus on the labor movement may miss much of the transnationally coordinated collective action at the turn of the new century (and some labor issues may be pursued under these other labels). The forms of pressure so finely anatomized by Keck and Sikkink have had their successes, too.³⁸ For the most part, however, it does seem that social movements are not acting directly on the new centers of power and that there is (as yet?) only limited movement in that direction. When we consider the webs of transnational finance, the element of democratic accountability not only vanishes completely³⁹, but the points of possible leverage for democratization are far from obvious.

Recall that democratizing states fostered social movements by legitimating collective action in the name of the people; by building institutions like parliaments, executive agencies and judicial systems that collective action could target; and by providing channels for lawful collective action in periodic elections and legal processes that could galvanize other forms of collective action, some in violation of law. Although some elements of the institutions of transnational governance are analogous in some ways—the European Union has its weak parliament in Strasbourg, for example—for the most part there is a lack of such visible centers of power, a lack of obvious occasions around which to mobilize, and a lack of the sort of common democratic discourse that by the early nineteenth-century in Britain, for example, came to enfold both the politics of the palace and the politics of the street in the shared claim of popular representation.

As monarchical, aristocratic and corporate powers democratized, the new states aspired to the ceremonial majesty and legitimacy claims of the previous monarchical order, but now it was democratic majesty that was proclaimed. Thus the great public buildings of Washington, D.C., with Congress apart from the White House, beautifully, simply and powerfully gave visible form to the notion of separation of powers. And elections are a dramatic ceremonial reminder of democratic legitimation. The emerging structures of transnational decision-making, however, do not have such features, and much of their activity is even hidden. The inner processes of the World Bank and IMF, to take two conspicuously significant examples, are hardly publicized and positions taken by many national representatives to those organizations are not even made publicly available.⁴⁰ Rather than legitimacy, it is invisibility that is sought. How such power might be democratized is the challenge of the twenty-first century.

BEYOND THE NATIONAL STATES

So the democratization of the states, geographically extensive as it is, can hardly be regarded as secure. But let us take a geographically yet more extensive view. Although successive waves of state democratizations have left a legacy of expanded accountability of governments to citizens in increasing numbers of states, very large numbers of the residents of the planet have not benefited. Democracy has always been deeply exclusionary.

As late eighteenth-century legislators, at the moment of revolutionary democratic breakthrough, planned their new political systems, the question of to whom, precisely, governments were to be responsible came to the fore, and democratizing states adopted a distinction between citizens with and citizens without voting rights. Women, those with little property, children and domestic servants were commonly excluded and at various times and places since some have been excluded for ethnic criteria, criminality, mental deficiencies, illiteracy and membership in the clergy or military. The common expression “universal suffrage” has been and continues to be one of the most obfuscating terms in the vocabulary of modern political life. Tocqueville, for example, set himself the task of explaining the remarkable universal suffrage of the United States, at a moment when women could vote nowhere and free blacks in the north, even when not legally barred from voting, confronted threats of violence should they attempt to do so.⁴¹

In the late twentieth-century democratizing waves, countries claiming the mantle of democracy have something that might properly be called near-universal adult suffrage, with children constituting the largest category of excluded citizens. What stands most starkly revealed, therefore, is the distinction of citizen/noncitizen. To the extent that we see democratization as a series of successful attempts by social movements to secure rights, we also see that those rights were largely secured for citizens of particular national states and largely secured within those states. Toward the beginning of the era of modern democracy the very title of the revolutionary French Declaration of the Rights of Man and Citizen encapsulated a very important ambiguity: did one have rights because one was a human being, or because one was a French citizen? To the extent that rights are claims that are empty unless they constitute an obligation on some party with the resources to actually meet that claim, for the most part what rights a person had were obligatory only for the state of which that person was a citizen. In addition, interstate treaties might sometimes grant reciprocal rights of various sorts, and multilateral interstate documents might speak of other, “universal,” rights, which courts in some states might sometimes take to constitute state obligations. But generally speaking, rights are connected to citizenship and enforceable in relation to the state of which one is a citizen. This includes, very importantly, political rights.

By the late twentieth century, pervasive notions of democratic legitimization within states and multilateral human rights treaties among states seem to be creating new challenges for some legal systems confronting long-term resident non-citizens, asylum-seekers of various sorts, and transnationally mobile workers. Some see the emergence of new kinds of rights claims not anchored in national citizenship.⁴² So issues of inclusion/exclusion along the citizen/noncitizen fault line are highly salient. In addition we have, following Keck and Sikkink, pointed to the rapid proliferation of organized activism (but not taking the form of social movements) in which participants attempt to influence the policies of states not their own. That such advocacy networks have some significant successes still doesn't amount to any routinized rights of participation.

Despite such developments, we may say that an important aspect of the history of modern democracy has been that much of the world's population has never had available to them institutional mechanisms for holding the powerful of the world responsible for their actions. For the most part, the more securely established democratizations up to the current wave meant that citizens of the wealthier and more powerful states had some control over the incumbents in office of their states. Very much to the point are Immanuel Wallerstein's⁴³ observations to the effect that the democratization of some of the states since the late eighteenth century to a large degree incorporated the working class of the wealthier countries into the system of global inequality on relatively favorable terms. With some economic security in the form of social rights; some say in public affairs in the form of political rights, as exemplified by the suffrage; and with rights of association, speech, petition and so forth that undergird the capacity to engage in social movement activism, and the consequent dignity that goes with such empowerment, large numbers of people in a small part of the world came to participate in what has still been profoundly exclusionary democracy. The exclusionary character of such democracy is in plain sight, yet unnoticed as long as we only cast our gaze on the governance of the states, separately.

There was no necessary incompatibility at all between the democratization of the core states of the world-economy in the nineteenth century and the extension of colonial rule by those same states. Democratizing movements might come to secure rights at home, while state violence was projected outward onto other continents.⁴⁴ In the nineteenth century, work-

ers in the centers of world economic and military power obtained rights at home, but also manufactured the guns and warships, built and staffed the communications networks and enlisted in (or were conscripted into) the armies that fostered and maintained colonial rule over subject peoples.⁴⁵

Perhaps even a stronger statement is warranted. It may be that the democratization of the core of the world-economy owes a great deal to the control of sufficient resources to pay for the extension of rights, while that extension helped secure democratic popular assent for global domination. The correlation of high national income and democratic political practice is one of the best-attested regularities in the literature on democratization⁴⁶ (although many have attempted to explain this relationship differently). This important role of the core in the world history of democracy intersects the social struggles within, and among, the states out of which the actual institutions of democracy emerged in temporally clustered bursts of increasing geographic range. But we must bear in mind that this has never been a process strictly confined to the core. In the period, for example, when conservative forces dominated Europe that stretched from the Congress of Vienna until the tumultuous early 1830s, the world centers of democratization were in the western hemisphere. And, as indicated above, not only have major institutional innovations been pioneered in the semiperiphery, but many of the instances of democratization in the late twentieth century wave have also been semiperipheral.

The uneven democratization of the states at the dawn of a new century confronts new challenges. The recent combination of extended—but hardly “global”—geographic range and potential trivialization that together characterize the most recent wave of democratizations raises anew questions of political power beyond the national states. The density of economic and cultural interconnection across national frontiers now threatens to trivialize the democratization of those states that have achieved significant democratization, raising the question of whether there is a meaningful future for the democracy of the states that does not address democracy beyond the states. The democracy of the states has always been a profoundly unfinished thing, as movements have utilized democratic legitimations and institutions to push further democratization. The democratization of the world beyond the states has yet to begin.

CONCLUSION

The present moment in the history of democracy is not, therefore, an occasion for triumphal celebration but for concern. To summarize: the remarkable and radical geographic extension of democratic practices coincides with a number of serious threats. The leaching of power out of the national states, in part towards a variety of transnational institutions, raises the specter of a trivialization of the very real democratization of the states. The mobility of capital and workers on a transnational scale reenergizes political conflicts around inclusion and exclusion. And last, but hardly least, the future of social movements, a major source of the democratization of the states for the past two hundred years, is in serious doubt, at least as far as their capacity to democratize the emerging global order is concerned. In the past, as labor actions threatened, investors have relocated outward, often recreating the labor conflicts they had fled.⁴⁷ But as the focus of power shifts upward beyond the bounds of the state, any state, it is not obvious that labor movements, or other movements, will be able to generate countervailing power.

Past democratizations have sometimes generated elite efforts, some successful, to sidestep the new challenge to themselves. For example: one of the institutional bases of early modern slavery in the British Caribbean had been the considerable autonomy of planter-run local government. British island plantocracies tenaciously demanded their freedom from central dictate. In the wake of nineteenth-century slave emancipation, and further challenged by metropolitan notions of expanding suffrage rights, the planter elite of places like Montserrat and Dominica now shifted to supporting direct crown rule and the disempowerment of a local legislature in which non-whites had a voice.⁴⁸ On the edge of the twenty-first century, the unrivalled democratization of the states is now challenged by a new redeployment of power.⁴⁹ The actions of people in rural villages and urban workshops played a major role in the history of early modern states; the emerging social movements of the nineteenth century played a major role in the democratization of some of them. It remains to be seen whether the construction of the world order of the twenty-first century continues as a nearly exclusively elite project or whether social movements (or new forms of contestation to be invented) can inject a more democratic element into the emerging structures of global governance.

Lots of challenges, in short. Despite the wave-like pattern of ebb and flow of democratic history, the geographic extensiveness of the present diffusion of democratic forms should not mislead us, like Bryce at the end of World War I,⁵⁰ to see the major challenge as one of further geographic range. Extending the current democratic institutions of some of the states to still other states embedded in the global marketplace will not be adequate to deal with the challenge of a what a more democratic world might be like. Yet the strength of the core notion of a self-ruling people that has repeatedly, if intermittently, galvanized institutional change for two centuries remains. Democratic legitimations are now widespread and may energize new movements in many states. And more importantly, this may lead to pressures to democratize emerging structures of transnational power. And the challenges posed by globalization may be complemented by new possibilities as well. If, for example, I referred repeatedly to the political clout of labor, we may well ask if the movement of a great deal of manufacturing out of the traditional industrial heartlands might be the prelude to a new wave of labor activism in new places. On the historical record, indeed, the places where the new institutions of a renewed democracy will be pioneered—if anywhere—are likely not to be in the old centers where past success leads people to think the rest of the world need only copy them. For the democratic challenge for the twenty-first century, if democracy is not to become trivialized, will demand more than the extension of a known, completed, fixed model to new territories. If democracy is to have a meaningful future, it will have to be redefined and reinvented, as it always has been.

NOTES

¹ Jean-Jacques Rousseau, *Du Contrat social*, Book III, chapter 15 (Paris: Aubier Montaigne, 1943), p. 340.

² Frank O'Gorman, *Voters, Patrons, and Parties: The Unreformed Electoral System of Hanoverian England 1734-1832* (Oxford: The Clarendon Press, 1989) and "Campaign Rituals and Ceremonies: The Social Meaning of Elections in England 1780-1860," *Past and Present* no. 135, 1992, pp.79-115.

³ Morgan, *Inventing the People*, pp. 174-233; David Zaret, "Petitions and the 'Invention' of Public Opinion in the English Revolution," *American Journal of Sociology* 101, 1996, pp. 1497-1555.

⁴ George Rude, *Wilkes and Liberty. A Social Study of 1763 to 1774* (Oxford, Clarendon Press, 1962).

⁵ For many examples, see John Markoff, *The Abolition of Feudalism. Peasants, Lords, and Legislators in the French Revolution* (University Park, PA: The Pennsylvania State University Press, 1997), pp. 203-336.

⁶ A fine beginning: Wayne te Brake, *Shaping History: Ordinary People in European Politics, 1500-1700* (Berkeley: University of California Press, 1998).

⁷ The very big claims that follow are best developed by Charles Tilly and Sidney Tarrow. See Charles Tilly, "Democracy Is a Lake" and "Parliamentarization of Popular Contention in Great Britain, 1758-1834", both in Charles Tilly, *Roads from Past to Future* (Lanham, MD: Rowman and Littlefield, 1997), pp.193-244, and *Popular Contention in Great Britain, 1758-1834* (Cambridge, MA: Harvard University Press, 1995); Sidney Tarrow, "'The Very Excess of Democracy': State Building and Contentious Politics in America," pp. 20-38, in Anne N. Costain and Andrew S. McFarland, *Social Movements and American Political Institutions* (Lanham, MD: Rowman and Littlefield, 1998) and *Power in Movement: Social Movements, Collective Action and Politics*, 2nd ed., (New York: Cambridge University Press, 1998).

⁸ Robert R. Palmer, "Notes on the Use of the Word 'Democracy', 1789-1799," *Political Science Quarterly* 68, 1953, pp. 203-226; Werner Conze and Reinhart Koselleck, eds., *Geschichtliche Grundbegriffe. Historisches Lexikon zur politisch-sozialen Sprache in Deutschland* (Stuttgart: Klett Verlag, 1972-1984), v. 1, pp. 821-899; Pierre Rosanvallon, "The History of the Word Democracy in France", *Journal of Democracy* 6, 1995, pp. 140-154; Horst Dippel, "Démocratie, Démocrates", in Rolf Reichardt and Eberhard Schmitt, eds., *Handbuch politisch-sozialer Grundbegriffe in Frankreich 1680-1920* (Munich: Oldenbourg, 1986), v. 6, pp. 57-97; Jens A. Christophersen, *The Meaning of "Democracy" as Used in European Ideologies from the French to the Russian Revolutions. An Historical Study of Political Language* (Oslo: Universitetsforlaget, 1968); Robert W. Shoemaker, "'Democracy' and 'Republic' as Understood in Late Eighteenth Century America," *American Speech* 41, 1966, pp. 83-95.

⁹ Consider the constitution issued by the restored French monarchy in 1814, announced in its royal preamble as in recognition "of the wishes of our subjects". See "Charte constitutionnelle de 4 juin 1814," in Maurice Duverger, *Constitutions et documents politiques* (Paris: Presses Universitaires de France, 1960), p. 80.

¹⁰ Samuel P. Huntington, *The Third Wave: Democratization in the Late Twentieth Century* (Norman, OK: University of Colorado Press, 1991); John Markoff, *Waves of Democracy: Social Movements and Political Change* (Thousand Oaks, CA: Pine Forge Press, 1996).

¹¹ For discussion of the semiperipheral location of much democratic innovation, see John Markoff, "From Center to Periphery and Back Again: Reflections on the Geography of Democratic Innovation" in Michael Hanagan and Charles Tilly, eds., *Extending Citizenship, Reconfiguring States* (Lanham, MD: Rowman and Littlefield, 1999), pp. 229-246; and "Where and When Was Democracy Invented?," *Comparative Studies in Society and History* (forthcoming).

¹² Ithiel de Sola Pool, *Symbols of Democracy* (Stanford, CA: Stanford University Press, 1952).

¹³ Roberto P. Korzeniewicz and Kimberley Awbrey, "Democratic Transitions and the Semiperiphery of the World-Economy," *Sociological Forum* 7, 1992, pp. 609-640.

¹⁴ Francis Fukuyama, "The End of History?," *National Interest* 16, 1989, pp. 3-18.

¹⁵ Huntington, *Third Wave*, pp. 13-26; Markoff, *Waves of Democracy*, pp. 71-99.

¹⁶ For various arguments about "globalization", see Robert Keohane and Helen Milner, eds., *Internationalization and Domestic Politics* (New York: Cambridge University Press, 1996); David Held, *Democracy and the Global Order. From the Modern State to Cosmopolitan Government* (Stanford: Stanford University Press, 1995); Martin Albrow, *The Global Age: State and Society Beyond Modernity* (Stanford: Stanford University Press, 1997); Arjun Appadurai, *Modernity at Large: Cultural Dimensions of Globalization* (Minneapolis, Minn.: University of Minnesota Press, 1996); Ulrich Beck, *The Reinvention of Politics: Rethinking Modernity in the Global Social Order* (Cambridge, Mass.: Polity Press, 1996); Ulf Hannerz, *Transnational Connections: Culture, People, Places* (London: Routledge, 1996); A. Douglas Kincaid and Alejandro Portes, *Comparative National Development. Society and Economy in the New Global Order* (Chapel Hill, NC: University of North Carolina Press, 1994); Roland Robertson, *Globalization: Social Theory and Global Culture* (London: Sage, 1992); Saskia Sassen, *Cities in a World Economy* (Thousand Oaks, CA: Pine Forge Press, 1994); Linda Weiss, "Globalization and the Myth of the Powerless State," *New Left Review* no. 225, 1997, pp. 3-27; Francis Fox Piven and Richard Cloward, *The Breaking of the American Social Compact* (New York: The New Press, 1997), pp. 3-14; Immanuel Wallerstein, *Unthinking Social Science: The Limits of Nineteenth-Century Paradigms* (Cambridge: Polity Press, 1991); Charles Tilly, "Globalization Threatens Labor's Rights," *International Labor and Working-Class History* no. 47, 1995, pp. 1-23 (with responses by Immanuel Wallerstein, Aristide R. Zolberg, E. J. Hobsbawm, and Lourdes Benería, pp. 24-55); Robert K. Schaeffer, *Understanding Globalization: The Social Consequences of Political, Economic, and Environmental Change* (Lanham, MD: Rowman and Littlefield, 1997); Leslie Sklair, *Sociology of the Global System* (Baltimore: The Johns Hopkins University Press, 1991); Robert Wade, "Globalization and its Limits: Reports of the Death of the National Economy are Greatly Exaggerated," in Suzanne Berger and Ronald Dore, eds., *National Diversity and Global Capitalism* (Ithaca, NY: Cornell University Press, 1996), pp. 60-88; Gladys Ganley, *The Exploding Political Power of Personal Media* (Norwood, NJ: Ablex, 1992); Manuel Castells, "European Cities, the Informational Society, and the Global Economy," *New Left Review* no. 204, 1994, pp. 18-32; Christopher Chase-Dunn, Yukio Kawana, and Denis Nikitin, "Globalization: A World-Systems Perspective", paper presented at the World Congress of Sociology, Montreal, 1998.

¹⁷ For an exemplary study, see Christopher Chase-Dunn, Yukio Kawano, and Benjamin Brewer, "Economic Globalization Since 1795: Structures and Cycles in the Modern World-System", paper presented at the meetings of the International Studies Association, Washington, DC, February, 1999.

¹⁸ These assertions rest, I hope not too precariously, on the accumulated data put forward in the works cited in the previous footnotes. What is needed is a demonstration a) that significant social interactions are happening across greater distances than in the past; b) that such an increase in recent decades is more than the current upswing of a

recurrent cyclical pattern, but represents a trend; and c) that a and b hold for the globe as a whole rather than some limited part of it. No one has conclusively demonstrated any such thing, but I believe the evidence points in this direction. If this prove mistaken, much of what follows here would need to be rethought.

¹⁹ There is surely considerable variation from place to place in this regard. The U.S. for example has far more influence on the making of transnationally consequential decisions than many other places and is less at the mercy of market forces. One important symptom of the ideologically driven utility for some of claims that global competitiveness mandates dismantling first-world social safety nets is how much more prevalent such claims are in the U.S. than anywhere else in the first world, when the plausibility of such arguments is actually weaker there.

²⁰ As I wrote the first draft of this essay in May 1998, the Indonesian government was wavering from one day to the next, between claiming to adhere to the demands of transnational finance and placating vast urban crowds of angry Indonesians who – along with the friends and relatives of both the recently deposed and the newly elevated presidents – would be injured by such adherence.

²¹ I will not take up here the important question of the relationship of the U.S. to these institutions.

²² The extent of cross-border financing of political parties generally (and in the 1990s in particular) seems to be scholarly *terra incognita*.

²³ A valuable collection of essays may be found in Ezra N. Suleiman and John Waterbury, *The Political Economy of Public Sector Reform and Privatization* (Boulder, CO: Westview Press, 1990).

²⁴ See the persuasive data assembled by Roberto P. Korzeniewicz and Timothy P. Moran, “World-Economic Trends in the Distribution of Income, 1965-1992,” *American Journal of Sociology* 102, 1997, pp. 1000-1039; as well as Denny Braun, *The Rich Get Richer. The Rise of Income Inequality in the United States and the World* (Chicago: Nelson-Hall Publishers, 1997); Dani Rodrik, *Has Globalization Gone Too Far?* (Washington, D. C.: Institute for International Economics, 1997).

²⁵ The extent to which confronting unemployment is a serious political strategy in, say, France (where it played an important role in the left’s electoral victory in 1997), again suggests a range of variation that I ignore here.

²⁶ For bibliography see Korzeniewicz and Moran, “World-Economic Trends”.

²⁷ T.H. Marshall, *Citizenship and Social Class and Other Essays* (Cambridge: Cambridge University Press, 1950); Bryan Turner, ed., *Citizenship and Social Theory* (London: Sage, 1993); Bart van Steenberg, ed., *The Condition of Citizenship* (London: Sage, 1994); Charles Tilly, ed., *Citizenship, Identity and Social History* (Cambridge: Cambridge University Press, 1996); Michael Hanagan and Charles Tilly, eds., *Recasting Citizenship* (Lanham, MD: Rowman and Littlefield, forthcoming); Claus Offe, *Modernity and the State. East, West* (Cambridge, Mass: MIT Press, 1996); Frances Fox Piven and Richard Cloward, *The Breaking of the American Social Compact* (New York: The New Press, 1997).

²⁸ For an especially compelling treatment of these issues in the new eastern Europe see Rogers Brubaker, *Nationalism Reframed Nationhood and the National Question in the New*

Europe (Cambridge: Cambridge University Press, 1996).

²⁹ John Markoff and Verónica Montecinos, “The Ubiquitous Rise of Economists,” *Journal of Public Policy* 13, 1993, pp. 37-68.

³⁰ One of the strikingly common cultural characteristics of the recent democratizing transitions in far-flung parts of the world is the explosion of pornography, not nearly so evident previously in Warsaw, Madrid or Buenos Aires. This topic has yet to be adequately studied.

³¹ A serious issue in U.S.-French trade negotiation in the 1990s arose over French government subsidies for French films. The French claimed to be protecting French culture, which was threatened because the French movie-going public favored U.S. movies over French ones; the American government based its stand on notions of free competition in the marketplace. See *New York Times* December 8, 1993, p. A1; December 13, 1993, p. A1; December 14, 1993, p. A1; December 15, 1993, p. A1; January 6, 1994, p. D2.

³² On such grounds, for example, Diamond, Linz, and Lipset contend that ethnic conflicts are “the most difficult type of cleavage for a democracy to manage.” See Larry Diamond, Juan J. Linz, and Seymour Martin Lipset, “Introduction”, in Diamond, Linz and Lipset, eds., *Politics in Developing Countries. Comparing Experiences with Democracy*, 2nd ed. (Boulder, CO: Lynne Rienner, 1995), p. 42.

³³ Important discussions of the issues treated here include: Tilly, “Globalization Threatens Labor’s Rights;” Tarrow, *Power in Movement*, pp. 176-210, “Social Movements in Europe: Movement Society or Europeanization of Conflict?” *European University Institute Working Paper RSC No. 94/8* and “Fishnets, Internets and Catnets: Globalization and Transnational Collective Action”, in Michael Hanagan, Leslie Page Moch and Wayne te Brake, eds., *Challenging Authority: The Historical Study of Contentious Politics* (Minneapolis: University of Minnesota Press, 1998), pp. 228-244; Jackie Smith, C. Chatfield and Ron Pagnucco, eds. *Transnational Social Movements in World Politics: Solidarity Beyond the State* (Syracuse: Syracuse University Press, 1997); Jackie Smith, “Transnational Political Processes and the ‘Human Rights Movement’,” in Michael Dobkowski, Isidor Wallimann, and Christo Stojanov, *Research in Social Movements, Conflicts and Change*, vol. 18 (Greenwich, CN: JAI Press, 1995), pp. 185-219. Michael Hanagan, “Transnational Social Movements, Deterritorialized Migrants, and the State System: A Nineteenth-Century Case Study,” in Marco Giugni, Doug McAdam and Charles Tilly, eds., *How Movements Matter* (Minneapolis: University of Minnesota Press, 1998); Alison Brysk, “Acting Globally: Indian Rights and International Politics in Latin America, in Donna Lee Van Cott, ed., *Indigenous Peoples and Democracy in Latin America* (New York: St. Martin’s, 1994), pp. 29-51; Margaret E. Keck and Kathryn Sikkink, *Activists Beyond Borders. Advocacy Networks in International Politics* (Ithaca, NY: Cornell University Press, 1998).

³⁴ The claims found below rest on data or analyses in the following: Sidney Tarrow, *Power in Movement. Social Movements and Contentious Politics* (Cambridge: Cambridge University Press, 1998), pp. 176-195 and “Building a Composite Polity: Popular Contention in the European Union”, Cornell University Institute for European Studies Working Paper 98.3, 1998; Jackie Smith, Charles Chatfield and Ron

Pagnucco, eds., *Transnational Social Movements and Global Politics. Solidarity Beyond the State* (Syracuse: Syracuse University Press, 1997); Margaret Keck and Katherine Sikkink, *Activists Beyond Borders. Advocacy Networks in International Politics* (Ithaca, NY: Cornell University Press, 1998); John Markoff, *Waves of Democracy: Social Movements and Political Change* (Thousand Oaks, CA: Pine Forge Press, 1996), pp. 27-31.

^{35.} For some quantitative data from Europe, see Sidney Tarrow, "Building a Composite Polity: Popular Contention in the European Union", Cornell University Institute for European Studies Working Paper, 98.3, 1998.

^{36.} Keck and Sikkink, *Activists Beyond Borders*, p. 11. See also Tarrow, *Power in Movement*, pp. 184-195.

^{37.} Jackie Smith, "Characteristics of the Modern Transnational Social Movement Sector" in Smith, Chatfield and Pagnucco, *Transnational Social Movements*, p. 47.

^{38.} *Activists Beyond Borders* examines the sources of variation in the effectiveness of transnational advocacy networks.

^{39.} Susan George and Fabrizio Sabelli, *Faith and Credit: The World Bank's Secular Empire* (Boulder, CO: Westview Press, 1994).

^{40.} George and Sabelli, *Faith and Credit*, p. 214. The extremely complex formal rules for IMF decision-making have been described in the literature (Frederick K. Lister, *Decision-Making Strategies for International Organization: The IMF Model*, Vol. 20, Book 4 *Monograph Series in World Affairs*, Graduate School of International Affairs, University of Denver, 1984). What seems to have escaped scrutiny, however, is the political process of reaching actual decisions by the Bank and the Fund.

^{41.} *Democracy in America* (New York: Knopf, 1945), v. 1, pp. 57, 197, 199. If voting rights were universal in the U.S. Tocqueville visited in 1831, it was but a short step to urge: "At the present day the principle of the sovereignty of the people has acquired in the United States all the practical development that the imagination can conceive" (v. 1, p. 57).

^{42.} Yasemin Soysal, *Limits of Citizenship: Migrants and Postnational Membership in Europe* (Chicago: University of Chicago Press, 1994).

^{43.} For example, Immanuel Wallerstein, "Response: Declining State, Declining Rights?," *International Labor and Working-Class History* 47, 1995, pp. 24-27.

^{44.} Movements involving working-class people in core countries on behalf of the rights of people in colonies, like the British antislavery movement, demand more systematic attention from students of social movements than they have received. For example, see Seymour Drescher, *Capitalism and Antislavery. British Mobilization in Comparative Perspective* (New York: Oxford University Press, 1987).

^{45.} For a superb case study of how democracy and colonial rule could be fused, see Alice Conklin, "Colonialism and Human Rights, a Contradiction in Terms? The Case of France and West Africa, 1895-1914", *American Historical Review* 103, 1998, pp. 419-442.

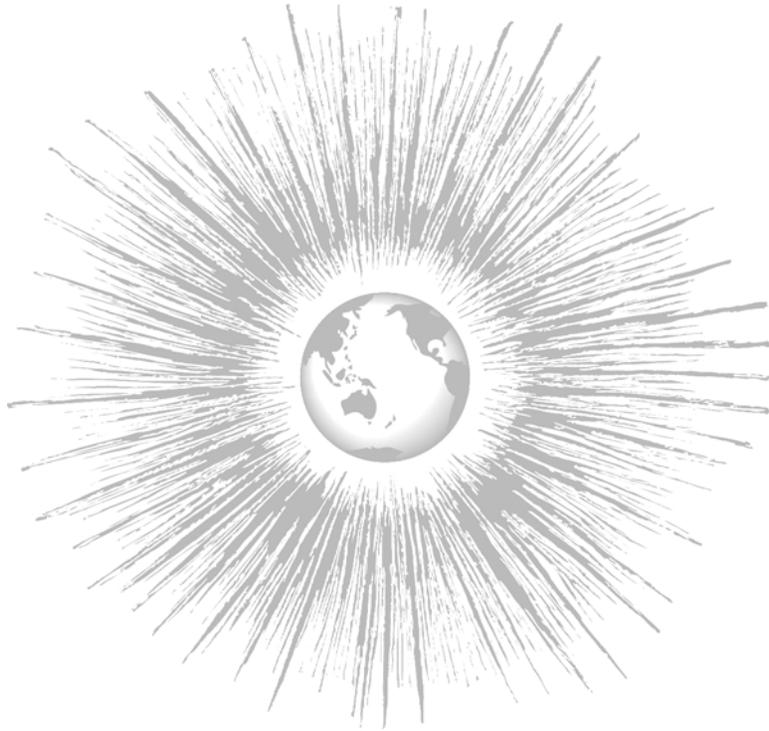
^{46.} The touchstone for subsequent discussion has been Seymour Martin Lipset's essay of 1959 that now appears as the chapter on "Economic Development and Democracy" in his *Political Man. The Social Bases of Politics*, expanded edition (Baltimore, MD: The Johns Hopkins University Press, 1981), pp. 27-63.

^{47.} Beverly Silver, "Turning Points in Workers' Militancy in the World Automobile Industry, 1930s-1990s," in Randy Hodson, ed., *Research in the Sociology of Work*, v. 6 (Greenwich, CT: JAI Press, 1998), pp. 41-69 and *Workers of the World in the Twentieth Century* (forthcoming).

^{48.} Arthur L. Stinchcombe, *Sugar Island Slavery in the Age of Enlightenment. The Political Economy of the Caribbean World* (Princeton: Princeton University Press, 1995), pp. 276-277.

^{49.} With specific reference to the emergence of the European Union, see John Markoff, "Our Common European Home – But Who Owns the House?", in Dennis Smith, ed., *Whose Europe?* (London: Basil Blackwell, forthcoming).

^{50.} James Bryce, *Modern Democracies* (New York: Macmillan (1921), pp. 4-5.



CITIZENSHIP AND SOCIETY

Across much of the globe over the past decade two of the most powerful organising processes have been those of 'citizenship' and 'globalisation'. They have swept much else before them, reconstituting social and political life. In the case of citizenship, movements to demand rights of national citizenship have been enormously powerful in one continent after another. This demand for the rights of the citizen, and for the institutions of civil society, occurred most strikingly within former Eastern Europe. 1989 in many ways represents the year of the citizen, falling, as it does, some two hundred years after the subjects of Paris took to the streets in 1789, demanding themselves to be citizens (see Murdock 1992). Garton Ash argues that during the 1980s, across many diverse societies, people: 'wanted to be citizens, individual men and women with dignity and responsibility, with rights but also with duties, freely associating in civil society' (1990: 148).

And yet 1989 is also when the discourse of 'globalisation' really took off, when exponential growth in the analyses of the global began to suggest that there was a putative global reconstitution of economic, political and cultural relationships. One central feature of that was the sense that people had that they were living in a global village, as the struggles for citizenship themselves were brought instantaneously and 'live' into their homes wherever they were located. The struggles for citizenship, most strikingly seen in the fall of the Berlin Wall and the crushing of the Pro-Democracy movement in China, were increasingly globalised, instantaneously transmitted through the global media communication systems. More generally, global money markets,

¹ This paper stems from a research project at Lancaster University on Global Citizenship and the Environment funded by the UK ESRC (grant no R000236768). I am grateful to my colleagues, Greg Myers, Bron Szerszynski and Mark Toogood. I am also very grateful for the comments of Mike Michael, Eric Darier and Sylvia Walby.

world travel, the Internet, globally recognised brands, globally organised corporations, the Rio Earth summit, 'global celebrities' living as global citizens and so on, all speak of modes of social experience that transcend each nation-state and its constitution of the national citizen.

So just at the moment that almost everyone is seeking to be a citizen of an existing national society or to set up their own national society, globalisation appears to be changing what it is to be a citizen. In this paper, I rethink what we mean by citizenship in the light of the globalisation of economic, political and cultural relationships. What is globalisation and what might be the mechanisms by which it generates new forms of citizenship? Does globalisation mean that nationally-based forms of citizenship are, or will become, redundant? What are the risks, rights and duties of a global citizen? Does globalisation imply a notion of universal human rights and duties as opposed to those attributed to a national citizen?

The concept of citizenship has been based upon the notion of the bounded society. Societies are typically presumed to be sovereign social entities, with a state at their centre that organises the rights and duties of each member. Most major sets of social relationships are seen as flowing within the territorial boundaries of each society. The state possesses a monopoly of jurisdiction over the territory of the society. It is presumed that especially economies and social class, but also politics, culture, gender and so on, are societally structured. In combination such relations constitute the social structure in terms of which the life-chances of each member of that society are organised and regulated. And through their interdependence with each other, all such societies are constituted as self-regulating entities significantly defined by their differences from each other. The North Atlantic rim has been constituted as a system of such national societies, with clear boundaries that appear to mark off one society from the other (see Held 1995; Rose 1996). Brubaker writes of 'the articulation of the doctrine of national sovereignty and of the link between citizenship and nationhood; the substitution of immediate, direct relations between the citizen and the state for the mediated, indirect relations characteristic of the *ancien régime*' (1992: 35).

This pattern of societal governance of the nation reached its apogee within what I call organized capitalism (roughly 1900s-1970s in Europe and North America; see Lash and Urry 1987; 1994). It was held that most economic and social problems or risks were produced by, and soluble at the

level of, the individual society. The concerns of each were to be dealt with through national policies, especially after the Second World War through a Keynesian welfare state that, it was believed, could identify and respond to the risks of organized capitalism. These risks were taken to be principally located *within* the borders of each society, and solutions were also envisaged as devised and implemented within such national borders. Societies involved the concept of the citizen who owed duties to and received rights from their society, particularly as organised through the core institutions of the nation-state. Citizenship has been conceived of within the west in terms of national risks that may face anyone living within a given territory, national rights that those possessing full membership should receive, and national duties that are appropriate for all such citizens of a society.

The most important formulation of this conception of society and citizenship was T. H. Marshall's lectures on citizenship and social class delivered in 1949 during the heyday of welfare state formation in Britain (reprinted in Marshall and Bottomore 1992; see Bulmer and Rees 1996, for some recent assessments). Marshall articulates the relationship between society and citizenship: 'the claim of all to enjoy these conditions [of civilised life] is a claim to be admitted to a share in the social heritage, which in turn means a claim to be accepted as full members of the society, that is, as citizens' (Marshall and Bottomore 1992: 6). Underlying such notions has been the prism of social governmentality: 'Government from "the social point of view"' (Rose 1996: 328). In the British context: 'codifiers such as Beveridge and Marshall constructed a vision in which security against hardship, like hardship itself, was social and to be provided by measures of benefit and insurance that, in name at least, were to be termed "universal", including all within a unified "social citizenship"' (Rose 1996: 345).

But 'global transformations' are transforming the nature of this social citizenship (Held, McGrew, Goldblatt, Perraton 1999). Global flows across societal borders make it less easy for states to mobilise clearly separate and coherent *nations* in pursuit of societal goals. This can be seen both economically and culturally. On the former, the breaking down of the coherence of 'national economies' has been combined with an increased political unwillingness of many states to tax and spend let alone to nationalise industries so as to bring them under societal control. States have increasingly shifted to a regulative rather than a direct production/ employment function, partly

facilitated by new forms of information gathering, storage and retrieval (see Majone 1996). On the latter, the hybridisation of cultures, the global refugee problem, the importance of travelling cultures, some growth of a global dwellingness, diasporas and other notions of the 'unhomely', all problematise the notion of a society which is somehow in and of itself able to mobilise for action. These configurations weaken the power of the society to draw together its citizens as one, to govern in its unique name, to endow all with national identity and to speak with a single voice. As Rose argues while 'our political, professional, moral and cultural authorities still speak happily of "society", the very meaning and ethical salience of this term is under question as "society" is perceived as dissociated into a variety of ethical and cultural communities with incompatible allegiances and incommensurable obligations' (1996: 353; generally see Urry 2000).

NEW CITIZENSHIPS

Thus globalisation seems to involve some weakening of the power of the social and a corresponding development of 'post-national' citizenship (Rose 1996). Soysal argues that national citizenship is losing ground to a more universal model of membership located within an increasingly de-territorialised notion of a person's more universal rights (1994: 3; Bauböck 1994). This post-national citizenship is especially connected with the growth of guest-working across many societies, greater global interdependence, increasingly overlapping memberships of different kinds of citizenship, and the emergence of universalistic rules and conceptions regarding human rights formalised by international codes and laws (such as the UN, UNESCO, ILO, EU, Council of Europe, Geneva Conventions, European Human Rights Convention and so on). Overall Soysal suggests an increasing contradiction between rights, which are universal, uniform and globally defined, and social identities, which are particularistic and territorially specified (1994).

Contemporary citizenship can thus be described as loosely 'post-modern'. In some places there is no modern rational-legal state, with a clear monopoly of power, able to deliver unambiguous rights and duties to its citizens who comprise a nation of strangers. And elsewhere, global processes restructure social inequalities and transform many states into 'regulators' of such flows. Corporations, brands, NGOs and multi-national 'states' also have emerged as in some respects more powerful than nation-states. Soci-

eties, such as those of the overseas Chinese, have developed that are non-coterminous with the boundaries of nation-states. Overall the hybrid and fragmented character of many apparent societies in a post-colonial period is said to result in a disjunctive, contested and inconsistent citizenship, according to Yuval-Davis a 'differential multi-tiered citizenship' order (1997: 12; and see Bauböck 1994).

This growth of post-national citizenship, and more globally reinforced notions of human rights, stem from a wide array of new processes and institutional arrangements stretching within and across different societies. There are thus a wide variety of citizenships emerging in the contemporary world. These include:

- cultural citizenship involving the right of all social groups (ethnic, gender, sexual, age) to full cultural participation within their society (Richardson 1998)
- minority citizenship involving the rights to enter another society and then to remain within that society and to receive appropriate rights and duties (Yuval-Davis 1997)
- ecological citizenship concerned with the rights and responsibilities of the citizen of the earth (van Steenbergen 1994)
- cosmopolitan citizenship concerned with how people may develop an orientation to other citizens, societies and cultures across the globe (Held 1995)
- consumer citizenship concerned with the rights of people to be provided with appropriate goods, services and information by both the private and public sectors (Stevenson 1997)
- mobility citizenship concerned with the rights and responsibilities of visitors to other places and other cultures (Urry 1990).

Van Steenbergen has elaborated ecological citizenship (1994; see Batty and Gray 1996). Three extensions of such rights are important: to future generations, to animals and to 'natural' objects. And duties and responsibilities for animals and such objects have to be undertaken which in effect serve to re-construct humans as possessors of special powers and responsibilities. Van Steenbergen argues that there is an ecological citizenship consisting of a set of rights (e.g. reasonable quality of water and air) and duties

(e.g. not to consume CFCs) which should be seen as sitting alongside T. H. Marshall's civil, political and social rights. As the Brundtland Report states: 'All human beings have the fundamental right to an environment adequate for their health and well-being' (quoted Batty and Gray 1996: 154). Various American states have affirmed the ecological rights of their citizens, while the South African constitution asserts such an ecological right (Batty and Gray 1996: 153). However, van Steenberg's formulation is too mechanistic. Ecological rights and duties involve the implosion of the supposedly separate civil, political and social rights. Indeed, the globalisation of risk in many ways highlights the artificiality of Marshall's differentiations, and of how contemporary social life involves simultaneous experiences that subsume and fuse Marshall's different dimensions of citizenship.

I will now set out below a citizenship of flow. First, globalisation produces a collapse of power of the national society through the development of apparently new global risks (Beck 1992; Macnaghten and Urry 1998). These include:

- environmental or health 'bads' resulting from what is now conceptualised as 'global' environmental change;
- cultural homogenisation which destroys local cultures (so-called 'cocacolonisation' of culture);
- the development of diseases carried across national borders by travellers (aids);
- the intermittent collapse of world markets particularly for agricultural commodities;
- financial meltdowns and their devastating effects upon economic and social life within particular places especially in the developing world;
- the proliferation of hugely insecure, unpoliced and out of control 'wild zones' (such as former Yugoslavia, Somalia, inner-city USA).
- the dependence of people upon expert systems (for travel, environmental protection, medical support, safe food and so on) which they may not trust since such systems contradict day-to-day social experiences and forms of lay knowledge.

With regard to global rights these might be thought to include the rights (see Held 1995; Pierson 1996; Castells 1997):

- to be able to migrate from one society to another and to stay at least temporarily with comparable rights as the indigenous population;
- to be able to return not as stateless and with no significant loss of rights;
- to be able to carry one's culture with one and to encounter elsewhere a hybrid culture containing at least some elements of one's own culture;
- to be able to buy across the globe the products, services and icons of diverse other cultures and then to be able to locate them within one's own culture and hence to change it in incremental ways;
- to be able to form social movements with citizens of other cultures to oppose particular states (such as UK as the dirty man of Europe), sets of states (the North), corporations (Shell), general bads and so on;
- to be able to engage in leisure migration throughout almost all the 200 countries on the globe and hence to 'consume' all those other places and environments (including those en route). Most barriers to leisure travel have now disappeared;
- to be able to inhabit environments which are relatively free of risks to health and safety produced by both local and distant causes; and to be provided with the means by which to know about those environments through multi-media sources of information, understanding and reflection;
- to be able to sense the quality of each environment one encounters directly rather than to have to rely on expert systems which are alienating and often untrustworthy;
- to have access to the variety of multi-media products increasingly available across the globe. Such products reconfigure contemporary citizenship because of the way in which they come to be constituted out of diverse actors, images and technologies stretching across the globe.
- for future generations to be able to have access to these rights into the unknowable future

Global duties and responsibilities could be thought to include:

- to find out the state of the globe, both through national sources of information and image but especially through sources which are internationalised (see Ohmae 1990, on the borderless world where states are increasingly unable to control information flows);
- to demonstrate a stance of cosmopolitanism towards other environments, other cultures and other peoples. Such cosmopolitanism may involve either consuming such environments across the globe or refusing to so consume such environments (see Bell and Valentine 1997, on how to 'cook global' on the one hand, and 'cooking for a small planet' on the other);
- to engage in forms of behaviour with regard to culture, the environment and politics which are consistent with the various official *and* lay conceptions of sustainability which often contradict each other (Macnaghten and Urry 1998: chap 7);
- to respond to images, icons, narratives and so on, which address people as highly differentiated citizens of the globe rather than as citizens of a nation, ethnic, gender, class, generation (as in Benetton advertising the colours of the world; more generally, see Szerszynski and Toogood 1999);
- to seek to convince others that they should also seek to act on part of the globe as a whole which is suffering collectively, rather than in terms of shared identity interests. Such persuasion will involve both informational and image-based media (Hansen 1993).

GLOBAL MEDIA

I will now consider one factor in the development of this putative global citizenship, namely the mass or global media. Citizenship has always necessitated symbolic resources distributed through various means of mass communication, as with what Anderson terms "print capitalism" in the nineteenth century development of the imagined community of the nation (1989). Particularly important in the development of twentieth century notions of national citizenship has been that of radio broadcasting, especially when publicly owned. As Murdock notes:

Where commercial broadcasting regarded listeners as consumers of products, the ethos of public service viewed them as citizens of a nation state. It aimed to universalise the provision of the existing cultural institutions... (1992: 26-7).

In the past two decades or so the global media have been important in generating images of many environmentally threatened localities throughout the world, such as the Amazonian rain forest. As a consequence people can imagine ourselves as sharing some of the same global problems partly because of the development of images which involve what can be called the globalisation of nature, as opposed to those images of nature which have in the past been predominantly national (see Hansen 1993). At least one precondition then of global citizenship is the development of global media, and especially of images of threatened places which partly stand for the plight of the globe as a whole and which may enable people to view themselves as citizens of the globe, as opposed to, or at least as well as, citizens of a nation-state. Szerszynski and Toogood argue the mass media have transformed the possibilities of interaction and dialogue in contemporary societies, remaking the public sphere through highly mediated forms of quasi-interaction and involving new ways of conceiving self and identity (1999).

Five points about the media should be emphasised here. First, the media produce images as well as information, and—if anything—it is such images which provide the means by which nature has come to be understood as seriously threatened has become a widely shared belief at the end of the twentieth century. This is a non-cognitivist view of the role of the media and also one which by-passes the conventional debates on the media about 'disortion'.

Second, these images of the globe, icons of nature and exemplary heroes may have come to play a central role precisely because many sources of 'information' are only at best weakly trusted. Both states and corporations are viewed by many people as untrustworthy and so paradoxically media images can provide more stable forms of meaning and interpretation in a culture in which 'seeing is believing', especially if those images are repeated time and time again (see Macnaghten and Urry 1998: chap 2).

Third, these media images can connect local experiences with each other and hence provide powerful sources of hermeneutic interpretation which make sense of what would otherwise be disparate and apparently

unconnected events and phenomena. Electronic communication has begun to create a global village, blurring what is private and what is public, what is frontstage and what is backstage, what is near and what is far, what is now and what is in the future. Little remains hidden from view and this may assist in forming shared structures of social and political experience, such as environmental thought and practice (see Meyrowitz 1985).

Fourth, the effects of the media in producing a public staging of what might otherwise remain private means that all individuals and social institutions can be put on that stage and subject to 'shaming'. The identification within the various media of potentially shameful behaviour can happen to every person and every institution. No-one is exempt from this shaming culture, especially not powerful figures or institutions. Much backstage behaviour can be revealed, put on display, revealed around the globe and re-presented over and over again. Where that behaviour transgresses norms, where others express their disapproval through what Thompson terms an opprobrious discourse, and where those involved have a reputation or 'name' to lose, then a scandal will ensue and the person or institution will be nationally or even globally shamed (see Thompson 1997, especially on how those 'who live by the media are most likely to die by the media'). And media-driven scandals of course are not just confined to sexual or financial revelations. Increasingly states and corporations are subject to shaming over their environmental policies and practices. The 'good name' or the 'brand' of the state or corporation is a particularly vulnerable symbolic capital that can rapidly evaporate within an increasingly mediated culture of shame.

Finally, media events also reveal themselves as visibly staged. Albrow notes the importance of global events in which, in a sense, the world views itself. Examples include the globally broadcast Live Aid concert, the release from prison of Nelson Mandela, the dramatic death and subsequent funeral of Princess Diana, the Olympics Games, the World Cup and so on (Albrow 1996: 146; Anderson 1997: 172-3). In each of these striking images came to be globally circulated, recognised and consumed, images which have become central to the iconography of global citizenship. Such images were seen as both depicting the globe and speaking for the globe.

Such visual images are often accompanied by written or by spoken text which contextualise these images. Within an electronic age there are many possible relations between speakers and audiences. Thus such texts will

involve 'a complex deixis of little words' which imaginatively connect the speaker to particular audiences (Billig 1995: 106). The little words involved here include 'I', 'you', 'we', 'they', 'here', 'now', 'this', 'that'. They are all used deictically, that is they point to various contexts of the utterance. To understand the meaning of a deictic utterance, the listener has to interpret it from the viewpoint of the speaker.

When Clinton points to 'this, the greatest country in human history', the 'this' evokes a national place of belonging, an habitual nation which will implicitly understand that the 'this' in Clinton's speech refers to the US (Billig 1995: 107). All Americans will understand the deixis involved, that the US is 'the greatest country in human history'. In much of the media there is a very clear deixis. Billig provides many examples of the use of such rhetorical pointing with regard to the imagined community of the nation. 'We' typically means not just the speaker and the immediate listeners but the imagined nation which is the site of routine obligation and connection (Stevenson 1997: 45).

But what is also important to consider is how, and in what ways, this deictic pointing occurs not just to the nation, but to wider imagined communities stretching beyond its borders. Billig cites Mandela who at one point refers to 'the people of South Africa and the world who are watching' (1995: 107). The 'we' in his speeches almost always evokes those beyond South Africa who are watching on the global media and have collectively participated in the country's rebirth. When Mandela states that 'we are one people' he is pointing both to South Africa and beyond to the rest of the world. Likewise at Princess Diana's funeral much of the deictic pointing from the television commentators to the collective 'we', was in fact to the estimated 2.5 billion people watching the event around the world.

I now turn briefly to some research on the scale and impact of 'global images'. What evidence does this provide of what, following Billig, we might term 'banal globalism'; how through depiction and speaking is the globe represented? This global representation was researched through a 24-hour survey of visual images identifiable on a variety of TV channels available within Britain (see Toogood 1998, for detailed findings).

The following array of such images was found during this period. These images were deployed both within advertising as well as on regular program-

ming. Numerous examples of images from the following ten categories were found over this 24-hour period:

- images of the earth, including the mimetic blue earth, but also including a football as indexical of the globe where soccer is conceived of as the iconic game of the global citizen
- long, often aerial images of generic environments which are taken to depict the globe (and threats to it) rather than depicting particular nations (a desert, an ocean, a rainforest)
- images of wildlife—especially auractic animals (lions), persecuted species (seals) and indicator species which index the overall state of the environment (eagles)
- images of the family of man where it appears that people from almost all the cultures of the globe can all be happily in one place (a sports stadium) or share one global product (Coke)
- images of relatively exotic places and peoples, often taken with unusual camera perspective, which suggests the endless possibilities of global mobility, communication and cosmopolitanism (beaches, native dancers, ski slopes)
- images of global players who are famous in and through the world's media and whose actions (and in cases misdeeds) are endlessly on display to the whole world (OJ Simpson, Madonna, Queen Elizabeth II)
- images of iconic exemplars who, through their setting and costume, demonstrate global responsibility—they are seen as speaking and acting for the globe (Mandela, Princess Diana as the 'queen of hearts', Ken Saro-Wiwa)
- images of those engaging in actions ultimately on behalf of the global community, this being represented by a montage of different cultures or places, or of people encountering the needy, the starving, the sick and so on (Red Cross, UN Volunteers, Special Constables)
- images of corporate actions conducted on behalf of the globe and of its long-term future (water companies cleaning up the environment, drug companies spending billions on new medical research)

- images of global reportage which is shown to be present, live and staffed by iconic figures able to speak, comment and interpret the globe (Kate Adie [BBC], Christiane Amanpour [CNN], John Pilger [ITV])

These examples show that contemporary citizenship is intertwined with representations of the globe which occur within the contemporary media. I have already noted that many of these images of the globe, and of those who speak for the globe, occur within advertisements. Also global networks and flows involve curious hybrids of the once-separate public and private spheres. There is thus increasing overlap between the public and private spheres and therefore between issues of citizenship and the nature of contemporary consumerism. Culture and cultural policies which criss-cross the public and private spheres are also increasingly central to issues of citizenship (see Stevenson 1997: 51).

CONCLUSION

Many appeals within the global media are concerned to develop a sense of planetary responsibility rather than responsibility for particular locales. This is a relatively new notion and one that appears to distinguish humans from other species. However, previous citizenships have been based upon antagonism between those who are inside and those who are outside, upon identifying the non-citizens, the other, the enemy. We can thus ask whether a sense of global citizenship is a historically unique notion that is not in fact based on the contestation between global citizens and others. So although global citizens are well aware of difference, has a conception of citizenship developed which does not presume an enemy, an other? Or alternatively does the lack of an 'enemy' for the global citizen mean that such a citizenship will never develop on any significant scale—there are no global citizens because there is nobody to be excluded? Which of these is the case will have some awesome consequences.

REFERENCES

- Albrow, M. 1996. *The Global Age*. Cambridge: Polity
 Anderson, A. 1997. *Media, culture and the Environment*. London: UCL Press
 Anderson, B. 1989. *Imagined Communities*. London: Verso
 Batty, H. and Gray, T. 1996. 'Environmental rights and national sovereignty', in S. Caney, D. George, P. Jones (eds) *National Rights, International Obligations*. Colorado: Westview Press

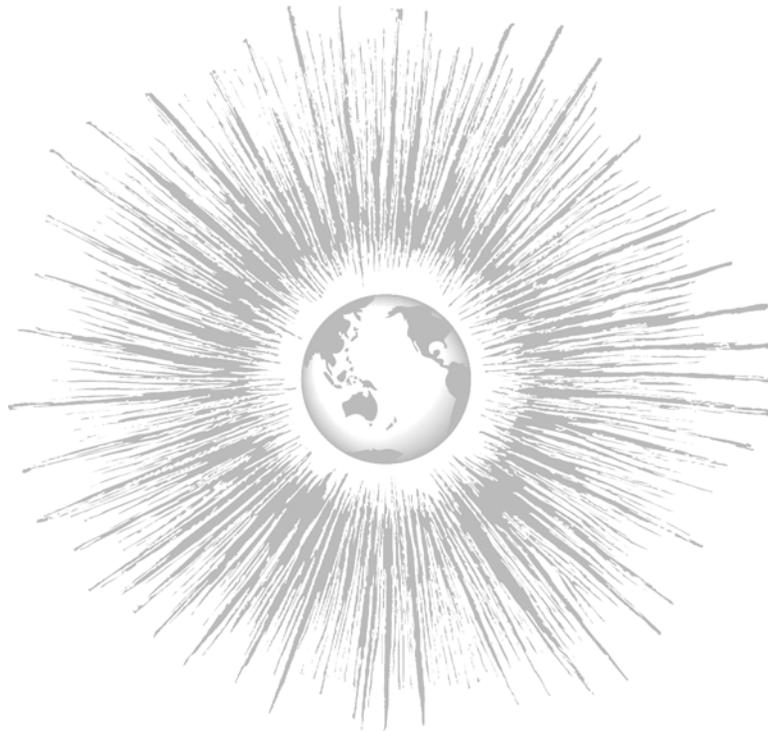
- Bauböck, B. 1994. *Transnational Citizenship*. Aldershot: Edward Elgar
- Beck, U. 1992. *Risk Society*. London: Sage
- Bell, D. and Valentine, G. 1997. *Consuming Geographies*. London: Routledge
- Billig, M. 1995. *Banal Nationalism*. London: Sage
- Brubaker, R. 1992. *Citizenship and Nationhood in France and Germany*. Cambridge, Mass.: Harvard University Press
- Bulmer, M. and Rees, A. (eds) 1996. *Citizenship Today*. London: UCL Press
- Castells, M. 1997. *The Power of Identity*. Oxford: Blackwell
- Garton Ash, T. 1990. *We the People. The Revolution of '89 Witnessed in Warsaw, Budapest, Berlin and Prague*. Cambridge: Granta Books
- Hansen, A. (ed) 1993. *The Mass Media and Environmental Issues*. Leicester: Leicester University Press
- Held, D. 1995. *Democracy and the Global Order*. Cambridge: Polity
- Held, D., McGrew, A., Goldblatt, D., Perraton, J. 1999. *Global Transformations*. Cambridge: Polity
- Lash, S. and Urry, J. 1987. *The End of Organized Capitalism*. Cambridge: Polity
- Lash, S. and Urry, J. 1994. *Economies of Signs and Space*. London: Sage
- Macnaghten, P. and Urry, J. 1998. *Contested Natures*. London: Sage
- Majone, G. (ed) 1996. *Regulating Europe*. London: Routledge
- Marshall, T. and Bottomore, T. 1992. *Citizenship and Social Class*. London: Pluto
- Meyrowitz, J. 1985. *No Sense of Place*. New York: Oxford University Press
- Murdock, G. 1992. 'Citizens, consumers, and public culture', in M. Shovmand and K. Shróder (eds) *Media Cultures*. London: Routledge, 17- 41
- Ohmae, K. 1990. *The Borderless World*. London: Collins
- Pierson, C. 1996. *The Modern State*. London: Routledge
- Richardson, D. 1998. 'Sexuality and citizenship', *Sociology*, 32: 83-100
- Rose, N. 1996. 'Refiguring the territory of government', *Economy and Society*, 25: 327-56
- Soysal, Y. 1994. *Limits of Citizenship*. Chicago: University of Chicago Press
- Stevenson, N. 1997. 'Globalization, national cultures and cultural citizenship', *The Sociological Quarterly*, 38: 41-66
- Szerszynski, B. and Toogood, M. 1999. 'Mediating global citizenship', in S. Allen, B. Adam, C. Carter (eds) *The Media Politics of Environmental Risks*, London: UCL Press
- Thompson, J. 1997. *Scandal and Social Theory*. Mimeo, SPS, University of Cambridge
- Toogood, M. 1998. *Globcit Image Database: Description and Categorisation of Images*. Mimeo, CSEC, Linguistics, Sociology Depts, Lancaster University
- Urry, J. 1990. *The Tourist Gaze*. London: Sage
- Urry, J. 2000. *Sociology Beyond Societies*. London: Routledge
- van Steenberg, B. 1994. 'Towards a global ecological citizen', in van Steenberg (ed) *The Condition of Citizenship*. London: Sage, 141-52
- Yuval-Davis, N. 1997. *National Spaces and Collective Identities: Border, Boundaries, Citizenship and Gender Relations*. Inaugural Lecture, University of Greenwich

GLOBALIZATION AND CONFLICT: WELFARE, DISTRIBUTION, AND POLITICAL UNREST¹

Ranveig Gissinger & Nils Petter Gleditsch²

ABSTRACT

The consequences of globalization for the development of a more peaceful world remain highly controversial. This article seeks to clarify the impact that the globalization of the economy may have on civil war and political instability. Liberals argue that countries heavily dependent on the global economy (whether measured by trade or investment) are likely to experience higher economic growth, greater affluence, more democracy, and increasingly peaceful conditions at home and abroad. In stark contrast, most dependency theorists argue that high levels of trade and investment tend to generate greater economic inequality. Relative deprivation theory suggests that such inequality will increase the risk of political instability. From these two broad perspectives, a set of hypotheses is developed and tested on a global dataset for the period 1965–93. The consequences of an open economy prove to be quite complex. A high level of trade does generate more domestic peace; at the same time, direct foreign investment also creates conditions conducive to political instability. However, the consequences of trade are dependent on what is being exported. Exports of manufactured goods create high levels of welfare and equality, while exports of agricultural products promote poverty and inequality. Inequality emerges as but one of many factors which lead to political instability.



¹ We acknowledge the financial support of the Research Council of Norway, the Norwegian Ministry of Defense, the Norwegian University of Science and Technology, and the World Society Foundation. Earlier versions were presented at the 14th World Congress of Sociology, Montreal, 26–31 July 1998 and at the 40th Annual Convention of the International Studies Association, Washington, DC, 16–20 February 1999. We are grateful to various participants at these meetings for comments, and to Håvard Hegre, Indra de Soysa and Scott Gates for numerous inputs to our work. The data used in this study can be downloaded from <http://www.sv.ntnu.no/iss/Ranveig.Gissinger/data/global.html>.

² Ranveig Gissinger, Department of Sociology and Political Science, NTNU, 7491 Trondheim, Norway; ranveigg@svt.ntnu.no. Nils Petter Gleditsch, PRIO, Fuglehauggata 11, 0260 Oslo, Norway; npg@prio.no.

INTRODUCTION

“The balance between international openness and domestic stability is a pivotal issue if globalization is to remain a constructive force.” (Väyrynen, 1997:78).

Ever since the 1700s, liberals have held that mutual economic dependence between countries will promote cooperation rather than conflict. Representatives of the Manchester School explained the peace that followed in the wake of the Napoleonic Wars as resulting from increased interstate trade. A similar liberal line of reasoning was heard again during and after World War II. The USA promoted the establishment of financial institutions like the World Bank and the International Monetary Fund, arguing that strong trade, low tariff barriers, and competition on equal terms would prevent new crises (Knutson, 1997). Today both trade and foreign investments are growing rapidly, and countries from the former Communist bloc are joining free-trade organizations. There seems to have been a breakthrough for the ideas of the Manchester School, in terms of using economics as a means toward peace. In recent years several scholars have found empirical support for the thesis that pairs of nations with a high share of mutual trade in GDP are also less war-prone.³

The number of civil wars has risen sharply since World War II (Gleditsch, 1996: 293). Trade and foreign direct investment (FDI) have been increasing—as has income inequality.⁴ Is this merely a coincidence? Is globalization a new kind of Social Darwinism—a prescription for the survival of the fittest? Those inclined to a radical theory—dependency theorists or globalists—agree that high economic dependence on external markets increases income inequality at home, and that such inequality in turn may lead to domestic conflict. By contrast, liberals argue that increased trade acts to boost economic development, thereby reducing the likelihood of domestic conflict.

³ See e.g. Oneal, Oneal, Maoz & Russett (1996), and Polachek (1994). For a more skeptical view, see Barbieri (1996).

⁴ From 1960 to 1990 the incomes of the richest one-fifth in the whole world grew three times faster than those of the poorest one-fifth. As a result, their share of the poorest one-fifth of the world economy declined from 2.3% to 1.4% in 1960 (Mufson, 1997, as cited in Väyrynen, 1997: 79).

In this article we test hypotheses derived from the liberal and the dependency-theoretical perspectives, using data from 96 countries for the years 1965–93. Lack of data makes it difficult to go beyond that time-frame.

Both the liberal and the globalist view receive some support from our empirical analysis. Liberals are correct in focusing on the relationship between openness and welfare, while dependency theorists are correct in arguing that openness leads to income inequality. However, our analysis indicates that trade does not have precisely the same effect as FDI. The effects of globalization may be more complex than often assumed. FDI boosts inequality and political instability, while trade creates favorable conditions for peace. However, our analysis shows that the *type of trade* also matters. Exports of agricultural products are associated with poverty and inequality, while exports of manufactured goods go together with welfare and equality. However, in terms of triggering internal conflict, inequality is also found to be dependent on several other factors.

We define globalization in terms of high foreign trade and foreign direct investment in relation to GDP. We do not include other typical features of globalism such as transnational financial relations, currency trade, movements of people, or transfer of technology. For such variables it is hard to find data for a long time period, and for all countries. FDI and trade are common indicators of the globalization process. We also exclude such other possible explanations for high income inequality such as culture, attitudes, religion, and history, and we ignore ethnicity as an explanation for civil war. It would have been interesting to see how income inequality is associated with ethnic affiliation, as the violent conflicts in South Africa and in Rwanda might be explained in such terms. However, in order to pursue this line of reasoning, we would have needed much more disaggregated economic data.

THE LIBERAL SCHOOL

‘Peace is the natural effect of trade’—Montesquieu (1759)

Writing at the end of the 18th century, Immanuel Kant (1795/1992) explained how mutual economic dependence promotes cooperation instead of conflict. In the 1800s, the Manchester School, with David Ricardo, Jeremy Bentham, and Richard Cobden among its more prominent names, also

argued that mutual trade and contact provide a stimulus for cooperative solutions (Blainey, 1973).

Polanyi (1944/1975:15) revived the liberal argument, stating that 'Trade has become linked with peace'. However, he relied on realist views, bringing in the balance of power as a means to peace. Polanyi explained the economic crises between 1914 and 1945 by an exaggerated belief in the self-regulating market. Politics and economics are mutually embedded, Polanyi argued. In his view, separating economic life from society gives rise to national and protectionist counter-reactions—as was the case especially after the dissolution of the gold standard stopped the world economy from functioning (Polanyi, 1944/1975: 218–219). The victory of the politics of economic nationalism over internationalism made possible the Great Depression and the rise of extreme ideologies. It also contributed to the military expansionism which ultimately led to World War II—the first genuinely global war (Väyrynen, 1997: 9).

Today the concept of 'less state, more market' is on the offensive once again. Fukuyama (1989) has proclaimed the final victory of the market-based economy over the centrally-planned economy. Weede (1995), in an analysis of the relationship between free trade and interstate war, has argued that strong trade links between nations raise the level of economic development in rich and poor countries alike. A high level of economic development increases the chances for a democratic system of government, and the existence of a democracy in turn reduces the likelihood of war against other countries with democratic governments. Thus, trade between nations will reduce the likelihood of interstate war. A similar line of argument will be presented in the following to show that economic openness can reduce the likelihood of *civil* war as well.

Development through an Open Economy

Dollar (1992) and Eusufzai (1996) are among the many economists who have found countries with open economies to have a higher level of welfare. Dollar examined 95 less-developed countries for the period 1976–85 and found that outward-oriented countries grow faster than more inward-oriented countries. Eusufzai found that open countries have a higher level of human development as measured by the Human Development Index

(HDI), a lower under-five mortality rate, and a higher proportion of population with access to safe water. Firebaugh & Beck (1994: 649) draw a similar conclusion: in poor countries, dependency and economic growth have a significant, positive effect on expected lifespan, child mortality, and calorie consumption per capita. They conclude their study by saying that: 'Even in the most dependent LDCs, the masses tend to benefit from economic growth.' The World Bank (1996, ch. 2) argues along the same lines, pointing out that China and Vietnam have experienced considerable economic growth after replacing parts of their centrally planned economies with free trade and market liberalism.

A similar development can be observed in the rich countries, where an open economy gives higher level of welfare (Rodrik, 1997). However, Rodrik also notes the dilemma created by the lower ability of developed states to tax capital and highly-educated people, and the increased need for social insurance in the globalized economy. Both capital and highly-educated people are attracted by countries with lower levels of taxation, and they easily move to such places—making it important for countries to reduce their taxes to become more attractive (Rodrik, 1997: 55–64; Martin & Schuman, 1998).⁵ In the long term, this development may reduce the level of welfare because the public sector will lack money for redistribution. However, Rodrik finds that openness in terms of international trade and FDI is positively associated with all aspects of welfare budgets. The rapid growth of globalization from 1966 through 1990 did not result in any cutbacks in public social spending among industrialized countries (Rodrik, 1997: 51–53). Rodrik's findings indicate that there may be institutional barriers that protect people against the unsettling forces released by the transition to free trade. States redistribute the assets from trade to income transfers, protecting workers against risks (especially illness and unemployment) or supporting them in old age (Väyrynen, 1997: 76).

⁵ Mobility may be impeded by national culture. If you like your country's culture and scenery, you may be willing to tolerate high taxes. In the future, the cultural budget may become more important than the marginal tax rate. (Isachsen, 1998: 249)

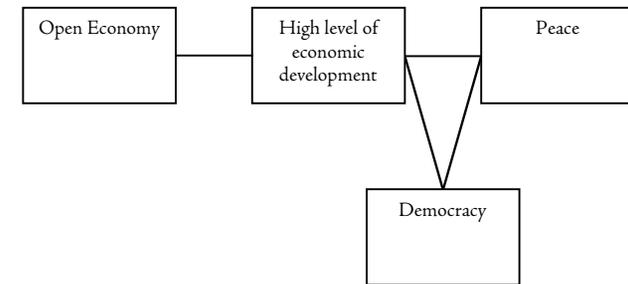
From Development to Democracy

Some four decades ago, Lipset (1959) proclaimed that a high level of prosperity increased the chances for a democratic system of government. Higher income and better education for the lower strata would, he held, lead to a more compromise-oriented view of politics. Rich countries also have more surpluses to distribute; this permits modernization through education, occupational mobility, free flow of information, and organizational experience. Taken together, these factors encourage adaptability and compromise, tolerance, and moderation. Increased access to material and thus political resources, together with greater institutional diversity, were seen to act as preconditions for stable democracy. These views have found support in several empirical studies (see Burkhart & Lewis-Beck, 1994; Huntington, 1991; Muller 1985, 1995a,b). One interpretation of this regularity is suggested by Einstein's remark that 'an empty stomach makes a poor political advisor' (quoted in Londregan & Poole, 1996: 1). From this point of view, democracy would be simply a beneficial side-effect of a high level of social and economic development. However, Londregan & Poole (1996: 20) find, after correcting for many features of the political and historical context, that the democratizing effect of income remains a significant factor promoting the emergence of democratic political institutions.

From Democracy to Domestic Peace

A democratic system of government is frequently associated with lower likelihood of civil war. Democracies tend to enjoy greater acceptance among the general population, so dissatisfaction is not frequently expressed in the form of serious challenges to the regime. Actors can channel their expressions within the democratic system, thereby reducing the likelihood of outright rebellion (Eckstein & Gurr, 1975; Flanagan & Fogelman, 1971; Rummel, 1995). Rupasinghe (1992) and others, noting the re-kindling of conflict in Eastern Europe after the Cold War, have suggested that a democratic regime may permit suppressed conflicts to break into the open, in contrast to the situation under an authoritarian regime. East European countries found themselves with a transitional regime and a fragile democracy and this—for a while anyway—led to higher levels of conflict than under the previous totalitarian regimes. Combining these two tendencies, we would expect to find the least amount of domestic armed conflict in

Figure 1: A Liberal Model



established democracies, but less armed conflict in strict autocracies than in emerging democracies. Several empirical studies have shown that semi-democratic countries run the greatest risk of civil violence (Ellingsen, 1996; Ellingsen & Gleditsch, 1997; Muller & Weede, 1990). Does that mean we can equate transitional regimes with semi-democracies? Hegre, Ellingsen, Gleditsch & Gates (1999) find that regime change can explain some of the civil wars in semi-democracies—but not all of them.

From Development to Domestic Peace

There seems to be broad agreement that a high level of economic development increases the likelihood of domestic peace. Flanagan & Fogelman (1971:14) studied 65 nations from 1800 to 1960, and concluded that there is less likelihood of civil war where the level of economic development is high. Jacobsen (1996) found no civil wars at all in the period 1945–85 in countries with a high level of economic development. The best explanation for this relationship is probably that rich countries have a higher overall level of welfare, and have a more highly educated population.

A Liberal Model

This discussion can be summed up in a simple model (Figure 1). The liberal school of thought holds that a high degree of openness in the economy will strengthen the level of economic development. A prosperous country has a greater likelihood of having a democratic form of government. The

final link in the chain is that both democracy and a high level of economic development have a positive effect on domestic peace. On this basis, then, we would expect globalization to have a generally peacebuilding effect.

DEPENDENCY THEORY

'The gap between a small, wealthy elite and the impoverished masses has grown to such astronomic proportions due to so-called development that many former "Third World" countries are in a state of endemic civil war.' Schrijvers (1993: 23)

From Globalization to Inequality in the South

According to dependency theory, the penetration of foreign capital into peripheral economies leads to the exploitation of local human and natural resources, and to a transfer of profit back to the imperial centers. This process results in impoverishment, inequality, and injustice (Galtung, 1971). The production of raw materials in poor countries serves to prevent competence-building, and the economy remains export-oriented (Hveem, 1996: 240). Ties are created between the local power elite and foreign interests, in turn increasing income inequality in the poor countries (Boswell & Dixon, 1990; Muller & Seligson, 1989; Rubinson, 1976). The production of raw materials will keep inequality high and the level of welfare low (Bourgignon & Morrison, 1989; Wood, 1994).

In the 1950s and in the 1960s most dependency theory focused on trade that exploited the poor countries. In the 1970s and 1980s dependency theory seems to have changed focus, to foreign direct investment (FDI). In this study we want to include both trade and investment to see whether they have similar effects on conflict.

In a classic study, Bornschier & Chase-Dunn (1985) looked at the consequences of the policies of multinational corporations in the periphery. Studying 72 countries for the period 1950–77, they concluded that foreign capital increased inequality in poor countries. Salaries tend to be higher in multinational companies than in the country's own companies (Bornschier & Chase-Dunn, 1985: 120). In a sense, multinationals presuppose the existence of a high level of inequality in the host country. The price of a globally-marketed product is approximately the same everywhere in the world. In the North, most people may be able to afford a given product, whereas in

the periphery only the elite can afford it. According to Bornschier & Chase-Dunn, had there been greater equality in the poor country, no one would have been able to afford the product in question. Thus, as far as the multinational firm is concerned, a certain degree of inequality is desirable, since the elite is both employer and consumer.

Dependency theory claims that FDI in less-developed countries reduces economic growth while inequality increases. Foreign investment is thought less likely to contribute to public revenue, less likely to encourage indigenous entrepreneurship, less likely to promote links to other industries in the domestic economy, and more likely to use inappropriate capital-intensive technology (Firebaugh, 1992: 106). Earlier work by dependency theorists went further than Firebaugh, arguing that foreign investment was likely to *decrease* growth (Bornschier & Chase-Dunn, 1985). This argument has not been laid entirely to rest after the recent debate with Firebaugh (cf. Dixon & Boswell, 1996a,b). Similar arguments are frequently repeated in the political debate about globalization (Martin & Schumann, 1998).⁶

⁶ These points were widely accepted among sociologists and political scientists until Firebaugh (1992) launched a spirited attack on the theory as well as the empirical analysis. Firebaugh set out to show that the dependency school had systematically misinterpreted the data. He demonstrated that dependency researchers use flow (new investment) and stock (accumulated flows) of foreign investment in the same regression equation, finding the effects of flow to be positive but the effects of stock negative. Therefore, the negative effect of stock was merely a denominator effect of flow/stock. Since the investment rate is measured as flow/stock, the greater the initial level of stock, the slower the investment rate. This denominator effect was routinely misinterpreted by dependency researchers as a negative effect of the penetration of foreign capital on economic growth. Firebaugh concludes that foreign capital has a somewhat smaller positive effect for a poor country than does domestic capital, but that this does not mean that foreign capital represents something negative. In a recent paper, de Soysa & Oneal (1998) argue that even this is a misinterpretation: if you compare the effect of the two kinds of investment dollar for dollar, foreign investment emerges as about three times as productive as domestic in terms of economic growth. Moreover, in a Granger-causality analysis of foreign and domestic investment, foreign investment is found to cause domestic investment, while the reverse relationship is not significant. In other words, when multinational corporations express confidence in a third-world economy, this encourages domestic investment as well. But increased domestic investment is not by itself enough to attract foreign investment.

Globalization and Inequality in the North

According to Kuznets (1955), inequality is relatively low in agricultural societies because most people are engaged in small farming and have fairly similar profits. Inequality will increase as a country industrializes and people leave the countryside for the towns and cities, looking for paid work. The result is often cramped living conditions, as well as poor access to food. In factories and firms a few top leaders will draw sky-high salaries, whereas most laborers will be working for low wages. After a while, however, as the workers become integrated into the new industrial culture, they will seek to achieve better conditions. The struggle for higher wages and better legal protection will increase, and gradually the inequality will be reduced. This development is referred to as the Kuznets U-curve. Dependency writers are critical of this line of reasoning, however. In their view, worldwide capitalism is premised on there being some who have more control and power over production than others—which necessarily implies inequality (Rubinson, 1977: 656).

Today reference is frequently made to the increased income inequality in the rich countries. Some scholars have sought an explanation in terms of technological advance, whereas others have cited high immigration figures. But a strong opinion is emerging that globalization is the best explanation for the increased inequalities, especially in North America and in Great Britain (Frank & Cook, 1995; Wood, 1994). Imports of cheap textiles and electronic goods often out-compete Western products (Bhagwati & Kusters, 1994; Borjas & Ramey, 1994), producing an increasing number of unemployed. A new group of 'working poor' is emerging because of weakening of the labor movement and because of companies' efforts to compete with low-cost countries. Multinational companies threaten their Western workers that if costs are not kept down, factories may be moved to countries with lower wages. To take one example, between 1990 and 1994 the Swiss-Swedish firm Asea Brown Boveri (ABB) closed down 40,000 jobs in North America and in Europe and created 21,150 jobs in Eastern Europe—mostly in Poland. Average hourly wages in a Western country were almost 12 times higher than in Poland. In addition a Polish worker would out in 400 more hours per year than a German worker (Thurow, 1996: 168). To avert such massive job losses, workers in Western countries have had to moderate their demands for higher wages. The real median income of families has barely

increased since the early 1970s, and although the poverty rate has declined slightly, numerous children are still growing up in poverty. Employment has been growing strongly in the USA since the early 1980s, but it is less impressive if we take into account the population growth and the low salaries in many jobs (Mishel, Bernstein & Schmitt, 1997: 381–416). This has led Luttwak (1994)—certainly no leftwing radical—to ask if the USA is becoming a third world country, since 15 million people—6% of the population—live under conditions similar to those found in poor countries (1994: 118, 125). Skarstein (1998: 52) asserts that globalization leads to the emergence of working poor in the USA and unemployed poor in Western Europe. Several years ago Harrison & Bluestone (1988) suggested that the Kuznets curve was turning downward again—a point of view that is still prevalent.

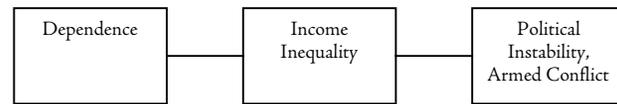
From Inequality to Conflict

Will inequality give rise to conflict? As early as in 1835, de Tocqueville (1835/1961: 302) expressed such a view:

“Almost all of the revolutions which have changed the aspect of nations have been made to consolidate or to destroy social inequality. Remove the secondary causes which have produced the great convulsions of the world, and you will almost always find the principle of inequality at the bottom.”

As Lichbach (1989: 433) points out, many revolutions have been based on egalitarian ideas. The rhetoric in the American Revolution was that 'all men are created equal'; in the French Revolution, the partisans shouted 'liberty, equality, fraternity'; the motto of the Russian Revolution was 'peace, land, bread'; and a wartime slogan of the Chinese Communist Revolution was 'those who have much give much, those who have little give little' (ibid.).

Two explanatory models link income inequality and political violence: economic discontent theory (Gurr, 1970) and political opportunity theory (Tilly, 1978). In the strict version, discontent-oriented theories maintain that inequality is the basis of all rebellion, and that if economic inequality is high, violent political conflict will occur. Conversely, politically-oriented theories maintain that economic discontent is not central, and that political resources and opportunities determine the extent of violent political conflict within nations.

Figure 2: A Dependency Model

Most studies of the connection between inequality and armed conflict have found a positive relationship (Boswell & Dixon, 1990; Muller & Seligson, 1989; Timberlake & Williams, 1989). In a survey article Lichbach (1989) critically reviewed this linkage and suggested that these studies might be spurious because they failed to include control variables like the level of economic development and political regime type. Scholars had focused on relative deprivation, at the expense of more important explanatory factors. In addition, there are many different ways in which to operationalize income inequality. Shock (1996) writes that violent political conflict has typically been studied within either an economic-discontent or a political-opportunity framework. His empirical study shows that political opportunity structures moderate the relationship between economic inequality and violent political conflict. A further problem is that inequality changes only gradually over time, whereas armed conflict may erupt suddenly at any point (Muller, 1988), making it almost impossible to say when inequality results in armed conflict and when it does not.

In 1996, a new income-inequality dataset was introduced (Deininger & Squire, 1996). Using this dataset, several researchers have failed to find any significant relationship between inequality and political unrest (Collier & Hoeffler, 1999; Dollar, Easterly & Gatti, 1999).

A Dependency Model

As with the liberal model, this discussion can be summed up in a simple model (Figure 2). The main hypothesis of the dependency school is that a high degree of openness in the economy leads to a high degree of income inequality, which in turn increases the likelihood of armed conflict.

RESEARCH DESIGN

Data

Our indicators of globalization are foreign trade and investment. Trade is the total sum of exports and imports divided by the Gross Domestic Product (GDP), and this variable is taken from Penn World Tables (Summers & Heston, 1991). We have two indicators of investment: One covers the whole period from 1965–93, while the other covers a shorter period (1980–93). The long-term variable comes from Penn World Tables; it measures investment as a share of GDP. The weakness of this variable is the inclusion of both foreign and domestic investment. On the assumption that most investment in poor countries is from foreign countries or firms, we constructed a new variable for investment multiplied by a dummy variable for poor countries.⁷ However, this variable remains quite weak because we cannot distinguish between foreign and domestic capital in poor countries. The other investment variable measures FDI from 1980–93; it comes from collected by the *World Investment Report* (1997) issued by United Nations. Since the two investment variables have different weaknesses, we will include both in our analysis to see whether they produce the same results.

We measure economic development by energy consumption per capita, using data from Small & Singer (1993) for the period 1945–85. We have updated the dataset to 1994 by using the UN *Statistical Yearbook*. The correlation between Small & Singer's data for energy consumption per capita and the UN data for 1980 was 0.985. To reduce the skewness of this indicator we have taken the natural logarithm. To see whether the Kuznets U-Curve still holds, we have squared the economic development variable.

For regime type, we use the index for Institutionalized Democracy in Polity III dataset, generated by Jagers & Gurr (1995). The Democracy Index ranges from 10 (most democratic) to 0 (most autocratic). To test

⁷ The classification of high and low development follows that of Human Development Report (1993). A highly developed society has an annual energy consumption of 1,500 or more coal equivalents, while a less-developed society is one that consumes less than 1,500 coal equivalents.

whether semi-democracies are more war-prone than any other regimes, we have also included the square of the democracy variable.

Data on inequality were drawn mainly from *Social Indicators of Development* (World Bank, annual). Income inequality is measured by the concentration of income in the top 20% of the population. We assume that inequality is measured before taxes—a weakness, because the redistributive effect of taxes is not included.⁸ Data on income inequality are often not comparable, because some countries measure the inequality per household and others per person; some before taxes and others after. Some countries use the Gini index of inequality and others the share of the income earned by the richest 20%. Our main objective here was to achieve maximum comparability, so we generally used *Social Indicators of Development*, which had inequality data for more countries than other sources.⁹ Recently, Deininger & Squire (1996) have published another set of inequality data. The correlation between our dataset and that of Deininger & Squire was 0.849.¹⁰

We use three variables which indicate domestic unrest. One is civil war as recorded by the Correlates of War project (COW) (Small & Singer, 1994). Civil war is defined as an internal war which involves: (a) military action, (b) having the national government at the time as one of the parties to the conflict, (c) effective resistance (as measured by the ratio of fatalities of the weaker to the stronger forces) on both sides, and (d) at least 1,000 battle-deaths in a single year (Singer & Small, 1994). The second variable is political instability (1960–85). This index, which is taken from Alesina & Perotti (1996), is constructed on the basis of a principal component analysis on the following variables: number of politically motivated assassinations, number of people killed in conjunction with phenomena of domestic mass violence (as a fraction of the total population), number of successful coups,

⁸. Social Indicators of Development does not state this explicitly, but most research in this field uses income inequality before tax.

⁹. We also used some data from Atkinson et al. (1995), Muller & Seligson (1987), Sawyer (1976), and *World Development Report* (1996).

¹⁰. Deininger & Squire (1996) have divided their inequality data into acceptable cases and unacceptable cases. When computing the correlation we included only the acceptable cases.

number of attempted but unsuccessful coups, a dummy variable that takes the value of 1 in a democracy, 0.5 in a semi-democracy and 0 in a dictatorship. Our third conflict variable comes from the Conflict Data Project at Uppsala University (Wallensteen & Sollenberg, 1998). Their threshold for armed conflict is 25 casualties in a single year. However, this dataset is available only for the period after 1989. Since the analyses from the other two conflict variables yielded very similar findings, the results from the Uppsala dataset will not be reported here.

To avoid autocorrelation (dependency between the units) in the time series for the COW data we use the *outbreak* of civil war, rather than the *incidence*, as our dependent variable. To avoid time dependency for the political-instability variable we used the average number for all the relevant data for the period 1965–85 in one of the tables. The weakness of this variable is therefore the small number of cases (only 96). We have excluded Singapore because of extreme outliers on the trade variable.¹¹

ANALYSIS

We use Ordinary Least Squares Regression when the dependent variable is inequality or political instability because these two variables are continuous. Theory suggests that we should study globalization in the South independently of globalization process in the North, because of the different mechanisms. Therefore we have two samples: one with all the countries in the dataset (N=96) and one for poor countries only (N=75).¹² We used the same procedure in the logistic regression with a dichotomous dependent variable: outbreak of civil war. We do not present separate analyses for poor countries only, because the results are quite similar to those shown in the Tables below.

¹¹. The results changed a great deal when we excluded this case, especially for the inequality regression. Trade was found to lead to inequality when Singapore was included. It became insignificant, and the coefficient for inequality became negative, when we excluded Singapore.

¹². Because of missing data, the analysis covers the more limited time-span 1980–93 for Colombia, Venezuela, Guyana, Ecuador, and Peru.

Table 1:
Social Consequences of Globalization, 1965–93, OLS Regression

Variables	Economic development		Inequality	
	B (β)	Standard error	B (β)	Standard error
Economic development (ln)			-2.55**	0.18
			(-0.45)	
Economic dev. (ln) squared			-0.92**	0.08
			(-0.33)	
Democracy	0.09**	0.01	0.04	0.02
	(0.32)		(0.03)	
Trade	0.01**	0.001	-0.002	0.01
	(0.19)		(-0.01)	
Investment in poor countries	-0.05**	0.003	0.24**	0.03
	(-0.31)		(0.24)	
N =	2 391		1 769	
Constant	-0.85		47.52	
R squared	0.29		0.34	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

Tables 1 and 2 include the whole period (1965–93) because we use the variable Investment in poor countries. In Table 3 we use the FDI variable, which covers the period 1980–93. All the independent variables in this analysis are continuous. The unit of analysis in this, and in most of the subsequent Tables, is the country-year.

We start with the social consequences of globalization. Table 1 shows the relationship between economic openness on the one hand and economic development and inequality on the other, with several control variables. The results confirm Väyrynen's view that globalization leads to higher level of economic development as well as inequality. We have one exception, however: investment in poor countries leads to lower economic welfare. In contrast to this finding, we can note that FDI leads to welfare (Tables 6 and A-2). This is the same result that Dollar (1992) obtained for poor countries and Rodrik (1997) for rich countries. The Kuznets U-curve is also confirmed; inequality is highest in countries that are neither rich nor poor. Many of these countries are found in South America. Stark (1997) and Paris (1997) explain this by referring to the continent's stage of liberalization.

Table 2:
Globalization and Internal Conflict

Variable	Political instability OLS regression (1965–85)		Civil war Logistic regression (1965–93)	
	β	Standard error	β	Standard error
Economic development (ln)	-0.76**	0.28	-0.35*	0.15
	(-0.1)			
Democracy	-0.95**	0.09	0.04	0.05
	(-0.47)			
Democracy squared	-0.01**	0.001	0.001	0.001
	(-0.26)			
Trade	-0.07**	0.01	-0.03**	0.01
	(-0.18)			
Investment in poor countries	(0.04)	0.05	0.06*	0.03
	(0.04)			
Inequality	0.11*	0.05		
	(0.09)			
N	918		2 381	
Constant	-1.29		-4.16	
R squared	0.39			

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

In Table 2 we look at the relationship between economic openness and domestic conflict. Trade seems to lead to political stability and peace, while investment in poor countries leads to political instability and civil war. Inequality is associated with political instability, but not with civil war.¹³ Table 2 confirms that democracies are less often subject to political instability. We do not find a U-shaped relationship here, with semi-democracies as the least stable.

However, there are some problems with Table 2. First, the variable Investment in poor countries is not the best indicator of foreign investment

¹³ With inequality included, the share of units with missing data is 27% and the number of civil wars is reduced by 50%. In any case, the regression analysis shows that inequality is not significant for civil wars.

Table 3:
OLS Regression for Inequality, 1980–93

Variable	Inequality	
	β	Standard error
Economic development (ln)	-3.11** (-0.59)	0.20
Economic dev. squared (ln)	-1.42** (-0.56)	0.08
Democracy	-0.01 (-0.01)	0.05
Trade	-0.03** (-0.11)	0.01
FDI	0.16** (0.14)	0.03
N	855	
Constant	50.066	
R squared	0.35	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

since we simply have assumed that all the investment in poor countries is from foreign actors. Second, the regression for political instability suffers from time dependency, with the Durbin-Watson coefficient as low as 0.2.¹⁴

Table 3 includes FDI and we obtain the same result as in Table 1. Regardless of which of the two investment variables is used, foreign investment leads to inequality in all the analyses here (Tables 1, 3, and 5). This result confirms most studies in this field, from Galtung (1971) to Väyrynen (1997) and Martin & Schumann (1998). Compared to Table 1 we see that the coefficient for Trade has changed. In the first Table, trade leads to inequality, but in Table 3 it is associated with less inequality. For the other variables we find similar results. The Kuznets U-curve is still confirmed, and democracy is still associated with greater equality.

To circumvent the problem of time dependency, in Table 4 we use the average value for each variable in the period 1965–85. A weakness of this

¹⁴ In Table 3 time dependency is not as much of a problem, since the Durbin-Watson coefficient is 1.8 (Kennedy, 1998)

Table 4:
Cross-Sectional OLS Regression for Political Instability, Average Values, 1965–85

Variable	Political instability		
	B (β)	Standard Error	p
Economic development (ln)	-0.74 (-0.10)	1.24	0.56
Democracy	1.66 (0.60)	1.14	0.15
Democracy squared	-0.28 (-1.09)	0.12	0.02
Trade	-0.11 (-0.21)	0.06	0.11
FDI	0.18 (0.11)	0.22	0.40
Inequality	0.06 (0.05)	0.17	0.72
N	59		
Constant	3.13		
R squared	0.46		

() Standardized coefficients.

method is, of course, that the number of cases decreases drastically. Unlike Table 2, we confirm the U-shaped relationship between democracy and conflict. Political instability is at a maximum for a democracy level of 3 (on a scale from 0 to 10). Thus, the highest level of conflict is found on the authoritarian side of the mid-point on the scale. The inequality variable is not significant in Table 4, but the direction of the coefficients confirms that inequality leads to greater political instability. However, from looking at the standardized coefficients we see that inequality is less important than many other variables in accounting for conflict. Lichbach (1989) is correct in emphasizing that inequality is not significant when other relevant variables are controlled for. Inequality is highly significant (0.00) when no control variables are included.

Except for democracy squared, none of the variables are significant in Table 4. The sign of the coefficients indicates that welfare and trade promote peace, while FDI leads to political instability. This result is similar to that

Table 5:
OLS Regression for Inequality, 1980–92

Variable	Inequality	
	B (β)	Standard error
Food production	5.15** (0.25)	0.74
Minerals	0.91 (0.03)	0.87
Industry	-4.83** (-0.28)	0.66
Trade	-0.01 (-0.05)	0.01
FDI	0.12** (0.16)	0.04
Democracy	-0.04 (-0.03)	0.06
Economic development	-0.40 (-0.08)	0.21
N	855	
Constant	47.28	
R squared	0.26	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

found in Table A-1. The pattern is the same: trade leads to equality (with one exception) and peace, while FDI leads to inequality and civil unrest, but these results are not significant.

The different results for trade and FDI are surprising, since it is generally taken for granted that the process of economic integration has the same consequences regardless of the type of economic integration. The literature generally assumes that FDI and trade have similar effects, but emphasizes the difference in the effects of exports of agricultural products, minerals, and manufactures. This result may explain why those who look at the effects of trade conclude that it will produce peace (Oneal & Russett, 1996), while dependency theorists focus on foreign investment to explain why globaliza-

Table 6:
OLS Regression for Economic Development, 1965–93

Variable	Economic Development	
	B (β)	Standard error
Food production	-0.66** (-0.16)	0.10
Minerals	0.47** (0.10)	0.12
Industry	1.26** (0.37)	0.09
Trade	0.003** (0.07)	0.001
FDI	0.04** (0.19)	0.01
Democracy	0.09** (0.31)	0.01
N	1 098	
Constant	-1.72**	
R squared	0.49	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

tion leads to lower economic growth (Bornschieer & Chase-Dunn, 1985) and political instability (Boswell & Dixon, 1989).

There is another difference between these two types of economic integration: most researchers who focus on interstate war use trade as an indicator, whereas those who focus on internal war use FDI and type of export. Dependency theory has been mainly concerned with external explanations for civil war; foreign investment and exports of particular commodities have been seen as suitable indicators. Exports have always been interesting for dependency theory because they are indicative of the country's position in the world system.

There is also a substantial explanation for the different consequences of trade and foreign investment. FDI disrupts traditional economic patterns directly by establishing industry in the host country. Boswell & Dixon (1989) explained the revolutions in Cuba 1959 and Nicaragua 1979 in this way. The establishment of industry led to urbanization, which made it easier to organize a rebellion. Frequently, there was a common interest between the students and workers who fought against Western ideas and industry.

Openness through trade does not have the same effect, however. The literature in this field generally refers to mutual dependency as leading to economic growth and peace between states. It does not refer to civil war—and it is not equally obvious why domestic peace should result from trade. Here we have to go beyond aggregate trade.

Type of Trade Matters

Table 5 gives us a better understanding of why trade creates welfare, equality, and internal peace. The consequences of high trade depend heavily on what type of commodities the country exports. We see that exports of manufactured goods promote equality, while exports of food are associated with inequality.¹⁵ Of course, the relatively egalitarian nature of most industrial societies may be a result of other typical features, such as wealth or democracy. The analysis shows, however, that the type of export commodities accounts better for inequality than does democracy or economic development.

Galtung argued in his frequently-cited article from 1971 that some products create spin-off effects, while others do not. Exports of minerals require few experts and many unskilled workers. Countries exporting agricultural products do not need to promote education, and the country will remain poor and with high inequality. If a country can manage to produce manufactured and other highly-processed goods or exports, inequality is reduced—as has happened in several East Asian countries. They needed highly skilled workers in order to industrialize, and these workers eventually became active in the local labor movement. The result has been a higher level of welfare, and a decrease in inequality (Bourgignon & Morrison, 1994; Wood, 1994). Table 6 confirms this view. Exports of manufactured goods promote prosperity, whereas exports of agricultural product do not.

¹⁵ For this dummy variable we used *Handbook of International Trade and Development Statistics* (1976, 1992). A country has been defined as 'agricultural' if exports of agricultural products account for more than 50% of total exports. These country-years are coded 1, and all other country-years 0. The same coding procedure was used for manufactured goods and for minerals.

Globalization, Welfare, and Peace—the Middle-Income Countries

Most political unrest takes place in poor, non-democratic countries which are also not industrialized. Today there are numerous armed conflicts in Africa, in the Middle East, in South Asia, as well as in the successor states to the Soviet Union and in the Balkans. In Africa, ten out of thirteen wars are within developing countries.¹⁶ Snow (1996: 96) points out that most internal wars take place in parts of the world that are most distant from the global economy. Thus, one can hardly argue that armed conflict primarily affects countries that suffer from excessive globalization.

One explanation for this is precisely the liberal theory that globalization promotes prosperity, which in turn creates conditions favorable to peace. India and China are good examples of the positive consequences of the liberalization and globalization process. China is the largest recipient of FDI in the developing world, and over the past 15 years its exports have increased more than tenfold. At the same time the country has made major improvements in health and education, and poverty now afflicts a tenth instead of a third of the total population (*Human Development Report*, 1997: 87). A similar pattern is found in India, Bangladesh, Indonesia, and Vietnam (*ibid.*). Several authors (*Human Development Report*, 1997; Snow, 1996; Väyrynen, 1997) have emphasized that globalization presents an opportunity for poor countries rather than a problem. Botswana is one of the countries that have managed to benefit from the inflow of FDI. Revenues from its mining industry are invested to build up human capital in order to make the country attractive to other kinds of investment (*World Investment Report*, 1998: 191). Unlike most African countries, Botswana is defined as a 'lower-middle economy' rather than as a 'low-income economy' (*World Development Report*, 1996: 188–221).

However, there are several problems in the globalization process, among them increased inequality. *Human Development Report* (1997: 88–89) reports a falling share of income for the poorest 20% in Argentina, Chile, the

¹⁶ The countries are Burundi, Chad, Kenya, Liberia, Mozambique, Rwanda, Sierra Leone, Somalia, Sudan, and Zaire (Snow, 1996: 97), based on data from Project Ploughshares (1994). Their list is similar to, but not identical with, the armed conflict data used here.

Dominican Republic, Ecuador, Uruguay, and Mexico. In 16 of 18 countries in Eastern Europe and the former Communist bloc, income distribution has become more skewed and poverty has increased during liberalization. *Human Development Report* explains the high inequality in poor countries by the entry of large companies into their markets. These companies offer higher wages than those found in the informal sector. A high level of trade increases the need for educated people, and poor people lose their jobs. This has been the case for many Latin American countries. Booth (1993) explains rebellions in Somoza's Nicaragua (1977–79), El Salvador (since 1979), and Guatemala (since 1978) by export, income inequality, rapid economic growth, and political regime type. He points out that Central America's rapid growth in agricultural exports after 1950 and industrialization after 1960 markedly reduced the relative and even the absolute living standards of many members of the working class, who then mobilized to demand redress of their grievances. Where the state responded by accommodation and with limited repression (Costa Rica and Honduras), opposition mobilization stagnated or subsided. Where the state failed to ameliorate the growing inequality and instead employed heavy repression (Nicaragua, El Salvador, and Guatemala), opposition mobilization and unity increased, leading to a broad, rebellious challenge to regime sovereignty (Booth, 1993: 325).

However, according to the Kuznets U-curve, inequalities should decrease. In South-East Asian countries, inequality did decrease with industrialization (Wood, 1994). In the longer run, Latin America may experience the same development. If this coincides with a higher level of welfare, the future would look more peaceful.

Globalization, Poverty, and Political Unrest—the Poorest Countries

This optimistic view may not be valid for all countries. As noted, Snow (1996) pointed out that civil wars generally take place in countries that are most distant from the global economy. The globalization process does not include the poorest countries to the same extent as middle-income countries. Many poorer countries have scarcely experienced any expansion in world trade. Although the developing countries' share of the world population grew during the period 1970–91, their share of world trade hardly changed. The Least-Developed Countries, with 10% of the world's population, have only 0.3% of world trade—half their share two decades

ago (*Human Development Report*, 1997: 83–84). This is also the case for FDI. Latin America, Africa, and Asia (except Japan, Beijing, and eight Chinese coastal provinces), with 70% of the population, receive less than 10% of all FDI. For a third of the developing countries, the ratio of FDI to GDP has fallen over the past decade (*Human Development Report*, 1997: 84). We have shown that trade with primary products is associated with lower levels of economic welfare, inequality, and political unrest. *World Investment Report* (1998) also points out that FDI in Africa leads to the extraction of primary products like oil and diamonds. The primary sector accounts for the largest share of FDI in Africa, with around 40% of the total stock of FDI in the period 1989–96. During that same period, the importance of FDI in manufacturing increased slightly (from 29 to 30%); the share of FDI in services to total FDI dropped from 33% in 1990 to 27% in 1996 (*World Investment Report*, 1998: 166).

Countries with a high inflow of FDI to extract primary products, such as Nigeria and Liberia, probably export precisely these products.¹⁷ If the same mechanism works for exports of primary products as for the inflow of resource-seeking FDI, the future does not look bright for these countries. They will remain poor, and with high income inequality. Primary products are vulnerable in the external market, and income is hard to predict because prices are so unstable.

Natural resources like oil, mining, and agricultural products seem to represent a problem for many poor countries rather than a means to obtain higher economic welfare and peace. Sashes & Werner (1995) argue that endogenous technical change does not occur in resource-rich countries because they become too dependent on natural resources and fail to innovate. Innovation progresses more rapidly within manufacturing, as distinct from agriculture, because the former sector offers greater opportunity for 'learning by doing' (Arrow, 1962). Congo is one of the countries which face problems with low welfare and political unrest because of its dependency

¹⁷ Their main export article is minerals (Gissinger, 1997, appendix). *World Investment Report* (1998: 187–188) classifies the majority of the front-runner FDI countries in Africa as resource-seeking investments. Tunisia is the exception; it is defined as an efficiency-seeking FDI.

on mining revenues. Molokai & Binswanger (1999) argue that dependence on mining revenue gives the rulers control over the revenue stream in the Congo; this control eliminates the need for bargaining for tax revenues. Since there is no bargaining, the population cannot influence how the revenues are used. The lack of powerful interest groups which can check each other as well as the governing elite makes for a weak state, and this in turn leads to civil unrest.

Collier & Hoeffler (1999: 12–13) find that the risk of conflict peaks at a share of primary exports of 28% of GDP. A country with this level of resource has a risk of conflict 4.2 times greater than one without conflict. Hauge (1998) found that countries dependent on one single product are more prone to experience civil war. Our analysis similarly finds that export of minerals is associated with political instability, but this does not hold true for exports of agricultural products.¹⁸ Our analysis also confirms that exports of agricultural products do not promote welfare. Since many poor countries are heavily reliant on the export of primary products, their future does not look bright.

However, not everyone shares such a pessimistic view of the future for the poorest countries. *World Investment Report* is basically optimistic (1998: 191–192). Sachs & Sievers (1998: 41) recommend that poor countries should make themselves more attractive to FDI by producing manufactured goods. Several countries in Africa stand a chance of developing a textile and apparel industry capable of competing in the US market, if they could have quota free and duty-free status, as is considered under the planned US–Africa Growth and Opportunity Acts. However, many Africans and left-wing critics are more pessimistic. The European Union excludes 46 of South African agricultural products in negotiations between South Africa and EU for a free-trade agreement (Kit, 1999). Kit also points out that 53 manufactured goods will enter the local market in South Africa free of tariffs within the first few years of the agreement coming into effect—and well before South African industries have had time to restructure and face up to the

¹⁸ The reason for this is probably the high threshold on this variable. In order for a country to be termed 'agricultural', exports of agricultural products have to make up at least 50% of GDP.

impact of such powerful competition. He goes on to say that '... free trade agreements for industrial development and diversification [in South Africa] are usually overlooked or underplayed'. Pessimists also point to the Multi-national Agreement on Investment (MAI), which was to remove virtually all barriers to the free flow of investment. The most controversial element in this agreement is that host countries have to protect foreign investment. First-World corporations are clearly concerned about the safety of their investment in regions where war can reduce their economic productivity and revolution can result in nationalization of the entire investment. To protect profit, MAI includes several provisions to ensure that governments of Third-World countries take measures to prevent such interference (Staples, 1998). Foreign corporations receive the same level of compensation from the government as do domestic corporations. Staples argues that this will be at the expense of social programs.

Thus, developments in European Union and the ongoing discussion about the MAI agreement point in a pessimistic direction for the poor countries. Although overall trade has a positive effect on equality, welfare, and peace, this does not apply to the commodities which these countries export (agricultural and mineral products). Their chief source of revenue is exports of agricultural products, and such revenue becomes even harder to obtain when rich countries take protectionist measures against imports from poor countries. Protecting foreign industry in poor country through the MAI agreement is another problem. FDI has a positive effect on the level of welfare and a negative effect on distribution and conflict. If poor countries want to achieve a higher level of equality and peace, then granting compensation to firms from the rich countries in the case of political interference may not be a top priority item.

CONCLUSION

This article has dealt with consequences of the globalization process. Foreign direct investment (FDI) seems to have more negative effects on distribution and political unrest than does trade. However, the effects of trade, and probably FDI, depend on the structure of the economy. Exports of agricultural products lead to lower economic welfare, inequality, and political unrest, while exports of manufactured goods lead to higher economic development, equality, and political stability. Countries that export primary

products are often poor countries with weak states. Thus, the globalization process may be positive for rich countries, whereas it may be negative for poor, agricultural societies.

However, both FDI and high levels of trade lead to higher levels of economic welfare, which in turn lead to peace. Here, we agree with Väyrynen (1997: 85), who argues that '... openness to the international market is associated with better human conditions, while those left outside the international economic mainstream tend to suffer from their exclusion'. From this perspective, the challenge is to involve more countries in the globalization process, not fewer.

Dependency theory does account for the high level of inequality in poor countries. But the solution is not to close a country to trade or foreign investment. Rather, countries need to change their economic structure in order to gain from globalization. They need to obtain capital to strengthen their manufacturing industry, and they need time to protect their industry from foreign competition. Agreements like MAI may be counterproductive if they make it harder to regulate the market.

Globalization is positive in many ways—trade and foreign investment is necessary in order to increase revenues for poor countries. However, globalization will also make it more difficult for many states to become stronger. Even strong states are challenged by globalization. Väyrynen (1997: 85) argues '... the state must pursue policies which foster equal opportunities and in that way economic and social equality. There may be a clash of interests here. Globalization appeals to strong states with a large public sector that can afford education and a good social policy, states able to distribute the economic gains and to establish a democratic system. At the same time, the nation-state with its democratic institutions loses some of its power in relation to multinational companies and currency traders (Martin & Schumann, 1998). This is a major challenge to the many nation-states today which are finding themselves increasingly powerless in the globalized world economy.

REFERENCES

- Alesina, Alberto & Roberto Perotti (1996) 'Income Distribution, Political Instability, and Investment', *European Economic Review* 40(6): 1203–1228.
- Arrow, Kenneth (1962) 'The Economic Implications of Learning by Doing', *Review of Economic Studies* 29: 155–173.
- Atkinson, Anthony; Lee Rainwater & Timothy M. Smeeding (1995) 'Income Distribution in OECD Countries, Evidence from the Luxembourg Income Study', *Social Policy Studies*, no. 18. Paris: OECD.
- Barbieri, Katherine (1996) 'Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?', *Journal of Peace Research* 33(1): 29–49.
- Bhagwati, Jagdish & Marvin H. Kostos (1994) *Trade and Wages: Leveling Wages Down?* Washington, DC: AEI Press.
- Blainey, Geoffrey (1973) *The Causes of War*. London: Macmillan.
- Booth, John A. (1993) 'Inequality and Rebellion in Central America', in Mitchell A. Seligson & John T. Passe-Smith (eds) *Development & Underdevelopment*. Boulder, CO & London: Lynne Rienner (315–330).
- Borjas, George J. & Valerie A. Ramey (1994) 'The Relationship Between Wage Inequality and International Trade', in Jeffrey H. Bergstrand (ed.) *The Changing Distribution and Income in an Open U.S. Economy*. Amsterdam: Elsevier (217–242).
- Bornschieer, Volker & Christopher Chase-Dunn (1985) *Transnational Corporations and Underdevelopment*. New York: Praeger.
- Boswell, Terry & William J. Dixon (1990) 'Dependency and Rebellion: a Crossnational Analysis', *American Sociological Review* 55(4): 540–559.
- Bourgignon, Francois & Christian Morrison (1989) *External Trade and Income Distribution*. Paris: OECD.
- Burkhart, Ross E. & Michael S. Lewis-Beck (1994) 'Comparative Democracy: The Economic Development Thesis', *American Political Science Review* 88(4): 903–910.
- Collier, Paul & Anke Hoeffler (1999) 'Justice-Seeking and Loot-Seeking in Civil War', paper presented at a *Workshop on the Economics of Civil War, Crime, and Violence*. World Bank, Washington, DC, 22–23 February.
- Deininger, Klaus & Lynn Squire (1997) 'A New Data Set Measuring Income Inequality', *World Bank Economic Review* 10(3): 565–591.
- de Soysa, Indra & John Oneal (1998) 'Boon or Bane? Reassessing the Effects of Foreign Capital on Economic Growth with New Data', paper presented to the *39th Annual Convention of the International Studies Association*, Minneapolis, MN, 18–23 March.
- Dixon, William & Terry Boswell (1996a) 'Dependency, Disarticulation, and Denominator Effects: Another Look at Foreign Capital Penetration', *American Journal of Sociology* 102(2): 543–562.
- Dixon, William & Terry Boswell (1996b) 'Differential Productivity, Negative Externalities, and Foreign Capital Dependency: Reply to Firebaugh', *American Journal of Sociology* 102(2): 576–584.

- Dollar, David (1992) 'Outward-Oriented Developing Economies Really Do Grow More Rapidly: Evidence from 95 LDCs, 1976–85', *Economic Development and Cultural Change* 40(3): 523–544.
- Dollar, David; William Easterly & Roberta Galli (1999) 'What Causes Political Violence? A Research Outline', paper presented at a *Workshop on the Economics of Civil War, Crime, and Violence*. World Bank, Washington, DC, 22–23 February.
- Eckstein, Harry & Ted Robert Gurr (1975) *Patterns of Authority: A Structural Basis for Political Inquiry*. New York: Wiley.
- Ellingsen, Tanja (1996) 'Colorful Community or Ethnic Witches' Brew? Political Regime and Armed Conflict During and After the Cold War', paper presented to the *37th Annual Convention of the International Studies Association*, San Diego, CA, 16–20 April.
- Ellingsen, Tanja & Nils Petter Gleditsch (1997) 'Democracy and Conflict in the Third World', in Ketil Volden & Dan Smith (eds) *Causes of Conflict in the Third World Countries*. Oslo: PRIO & North/South Coalition (69–81).
- Eusufzai, Zaki (1996) 'Openness, Economic Growth, and Development: Some Further Results', *Economic Development and Cultural Change* 44(2): 333–338.
- Firebaugh, Glenn (1992) 'Growth Effects of Foreign and Domestic Investment', *American Journal of Sociology* 98(1): 105–130.
- Firebaugh, Glenn & Frank D. Beck (1994) 'Does Economic Growth Benefit the Masses? Growth, Dependence, and Welfare in the Third World', *American Sociological Review* 59(5): 631–53.
- Flanagan, W. H. & E. Fogelman (1971) 'Patterns of Political Science in Comparative Historical Perspective', *Comparative Politics* 3(1): 1–20.
- Fukuyama, Francis (1989) 'The End of History', in Marc A. Genest (d.) *Conflict and Cooperation*. Orlando, FL: Harcourt, Brace (320–329).
- Galtung, Johan (1971) 'A Structural Theory of Imperialism', *Journal of Peace Research* 8(2): 81–117.
- Gissinger, Ranveig (1997) *En kvantitativ analyse av avhengighet, ulikhet og væpnede konflikter, 1965–94 [A Quantitative Analysis of Dependency, Inequality and Armed Conflict]*. Thesis for the Cand. polit. degree in Political Science, Norwegian University of Science and Technology, Trondheim.
- Gissinger, Ranveig (1998) 'Does an Open Economy Lead to Civil War?', paper presented at the *39th Annual Convention of the International Studies Association*, Minneapolis, MN, 17–21 March.
- Gleditsch, Nils Petter (1996) 'Det nye sikkerhetsbildet: Mot en demokratisk og fredelig verden?' [The New Security Environment: Towards a Democratic and Peaceful World?], *Internasjonal Politikk* 54(3): 291–310.
- Gurr, Ted Robert (1970) *Why Men Rebel*. Princeton, NJ: Princeton University Press.
- Harrison, Ann (1996) 'Openness and Growth: A Time-Series, Cross-Country Analysis for Developing Countries', *Journal of Development Economics* 48(2): 419–447.
- Harrison, Bennett & Barry Bluestone (1988) *The Great U-Turn: Corporate Restructuring and the Polarizing of America*. New York: Basic Books.

- Hegre, Håvard; Tanja Ellingsen, Nils Petter Gleditsch & Scott Gates (1999) 'Toward A Democratic Civil Peace? Democracy, Democratization, and Civil War 1834–1992', paper presented at a *Workshop on the Economics of Civil War, Crime, and Violence*. World Bank, Washington, DC, 22–23 February.
- Huntington, Samuel (1991) *The Third Wave*. Norman, OK: University of Oklahoma Press.
- Hveem, Helge (1996) *Makt og velferd i det globale samfunn [Power and Welfare in the Global Society]*. Oslo: Norwegian University Press.
- Isachsen, Arne Jon (1998) 'Globalisering: går den for langt?' [Has Globalization Gone Too Far?], *Internasjonal Politikk* 56(2): 241–250.
- Jacobsen, Monika S. (1996) 'Fred og velstand eller demokratisk kaos?—en analyse av regimeendring og borgerkrig 1945–92' [Peace and Prosperity, or Democratic Chaos?], *Internasjonal Politikk* 54(2): 237–254.
- Jagers, Keith & Ted R. Gurr (1995) 'Tracking Democracy's Third Wave with the Polity III Data', *Journal of Peace Research* 32(4): 469–482.
- Kant, Immanuel [1795] (1992) *Perpetual Peace*. Bristol: Thoemmes.
- Kennedy, Peter (1998) *Guide to Econometrics*. Oxford: Blackwell.
- Kit, Dot (1999) 'SA in Dangerous Water with EU', *Mail & Guardian* (Johannesburg), 31 January
- Knutsen, Torbjørn (1997) *A History of International Relations Theory*. Manchester: Manchester University Press.
- Kuznets, Simon (1955) 'Economic Growth and Income Inequality', *American Economic Review* 45(1): 1–28.
- Lichbach, Mark Irving (1989) 'An Evaluation of "Does Economic Inequality Breed Political Conflict?" Studies', *World Politics* 41(4): 431–470.
- Lipset, Seymour Martin (1959) 'Some Social Requisites of Democracy: Economic Development and Political Legitimacy', *American Political Science Review* 53(1): 69–106.
- London, Bruce & Thomas Robinson (1989) 'The Effect of International Dependence on Income Inequality and Political Violence', *American Sociological Review* 54(2): 305–308.
- Londregan, John B. & Keith T. Poole (1996) 'Does High Income Promote Democracy?', *World Politics* 49(1): 1–30.
- Martin, Hans-Petter & Harald Schumann (1998) *The Global Trap: Globalization and the Assault on Prosperity and Democracy [translation of: Die Globalisierungsfalle. Der Angriff auf Demokratie und Wohlstand]*. London: Zed.
- Mokoli, Mondonga M. & Hans P. Binswanger (1999) 'Democratic Republic of the Congo: Policy for Conflicts and Post-Conflicts', paper presented at a *Workshop on the Economics of Civil War, Crime, and Violence*, World Bank, Washington, DC, 22–23 February.
- Montesquieu, Charles de (1759/1949) *The Spirit of Laws*. Translated by T. Nugent. New York: Haffner.
- Muller, Edward (1985) 'Income Inequality, Regime Repressiveness, and Political Violence', *American Sociological Review* 50(1): 47–61.

- Muller, Edward (1988) 'Democracy, Economic Development, and Income Inequality', *American Sociological Review* 53(1): 50–68.
- Muller, Edward (1995a) 'Economic Determinants of Democracy', *American Sociological Review* 60(6): 966–982.
- Muller, Edward (1995b) 'Income Inequality and Democratization: Reply to Bollen and Jackman', *American Sociological Review* 60(6): 991–996.
- Muller, Edward & Mitchell A. Seligson (1987) 'Inequality and Insurgency', *American Political Science Review* 82(2): 425–451.
- Muller, Edward & Erich Weede (1990) 'Cross-National Variation in Political Violence: A Rational Action Approach', *Journal of Conflict Resolution* 34(4): 624–651.
- O'Hearn, Denis (1993) 'The Irish Case of Dependency: An Exception to the Exception?', in Mitchell A. Seligson & John T. Passe-Smith (eds) *Development & Underdevelopment*. Boulder, CO & London: Lynne Rienner (295–313).
- Oneal, R. John; Frances Oneal, Zeev Maoz & Bruce Russett (1996) 'The Liberal Peace: Interdependence, Democracy, and International Conflict, 1950–85', *Journal of Peace Research* 33(1): 11–28.
- Paris, Roland (1997) 'Peacebuilding and the Limits of Liberal Internationalism', paper presented at the 38th Annual Convention of the International Studies Association, Toronto, 18–22 March.
- Polachek, Solomon W. (1994) 'Cooperation and Conflict Among Democracies: Why Do Democracies Cooperate More and Fight Less?', paper presented to the Annual Meeting of the Peace Science Society (International), Champaign-Urbana, IL.
- Polanyi, Karl (1944/1975) *The Great Transformation*. New York: Octagon.
- Project Ploughshares (1994) *Armed Conflict Report: Causes, Conflicting Parties, Negotiations, 1993*. Waterloo, Ontario: Institute of Peace and Conflict Studies.
- Rodrik, Dani (1997) *Has Globalization Gone Too Far?* Washington, DC: Institute for International Economics.
- Rubinson, Richard (1976) 'The World-Economy and the Distribution of Income within States: A Cross-National Study', *American Sociological Review* 41(4): 638–659.
- Rummel, Rudolph J. (1995) 'Democracy, Power, Genocide, and Mass Murder', *Journal of Conflict Resolution* 39(1): 3–26.
- Rupesinghe, Kumar (1992) 'The Disappearing Boundaries between Internal and External Conflict', in Kumar Rupesinghe (ed) *Internal Conflict and Governance*. New York: St. Martin's (1–26).
- Russett, Bruce M. (1964) 'Inequality and Instability. The Relation of Land Tenure to Politics', *World Politics* 16(3): 442–454.
- Sachs, Jeffrey & Andrew Warner (1995) 'Natural Resource Abundance & Economic Growth', *NBER Working Paper* 5398. Boston, MA: National Bureau of Economic Research.
- Skarstein, Rune (1998) 'Globaliseringens politiske økonomi' [The Political Economy of Globalization], *Vardøger* 24(1): 28–68.
- Schock, Kurt (1996) 'A Conjunctural Model of Political Conflict', *Journal of Conflict Resolution* 40(1): 98–133.
- Schrijvers, Joke (1993) *The Violence of Development*. Utrecht: International Books.

- Small, Melvin & David Singer (1993) *National Capabilities Data, 1816–1985*, <http://www.icpsr.umich.edu/cgi/ab/prl?file=9904>.
- Snow, Donald M. (1996) *Uncivil Wars. International Security and the New Internal Conflicts*. Boulder, CO & London: Lynne Rienner.
- Staples, Steven (1998) 'Protecting War, Militarism and the Multilateral Agreement on Investment (MAI)', <http://www.peacewire.org/protect.html>.
- Stark, Jeffrey (1997) 'Shifting Contexts: Globalization, Instability, and Insecurity in Latin America', paper presented at the 38th Annual Convention of the International Studies Association, Toronto, 18–22 March.
- Summers, Robert & Alan Heston (1991) 'The Penn World Table (Mark 5): An Expanded Set of International Comparisons. 1950–1988', *Quarterly Journal of Economics* 106(2): 327–368.
- Taylor, Charles L. & David A. Jodice (1983) *World Handbook of Political and Social Indicators*. 3rd edition, vol. 1 & 2. New Haven, CT: Yale University Press.
- Tilly, Charles (1978) *From Mobilization to Revolution*. New York: Random House.
- Timberlake, Michael & Kirk R. Williams (1987) 'Structural Position in the World System, Inequality, and Political Instability', *Journal of Political and Military Sociology* 15(1): 1–15.
- Tocqueville, Alexis de [1835] (1961) *Democracy in America*. Vol. II. New York: Schocken.
- United Nations (1990, 1993, 1994) *Statistical Yearbook*. New York.
- United Nations (1976, 1992) *Handbook of International Trade and Development Statistics*. New York.
- United Nations (1997) *World Investment Report*. New York.
- Väyrynen, Raimo (1997) *Global Transformation, Economics, Politics and Culture*. Helsinki: Finnish National Fund for Research and Development. Sitra.
- Wallensteen, Peter & Margareta Sollenberg (1996) 'The End of International War? Armed Conflict 1989–95', *Journal of Peace Research* 33(3): 353–370.
- Wallensteen, Peter & Margareta Sollenberg (1998) 'Armed Conflict and Regional Conflict Complexes. 1989–97', *Journal of Peace Research* 35(5): 621–634.
- Weede, Erich (1995) 'Economic Policy and International Security Rent Seeking, Free Trade, and Democratic Peace', *European Journal of International Relations* 1(4): 519–537.
- Wood, Adrian (1994) *North–South Trade, Employment and Inequality*. Oxford: Clarendon.
- World Bank (annual) *Social Indicators of Development*, Baltimore, MD: Johns Hopkins University Press.
- World Bank (1996) *World Development Report*. New York: Oxford University Press.
- World Economic Factbook* 1996 (1995) 3rd edition. Euromonitor.
- World Handbook of Political and Social Indicators* (1983) New Haven, CT & London: Yale University Press.

APPENDIX

Table A-1:
OLS Regression for Political Instability, 1980–85

Variable	Political instability	
	B (β)	Standard Error
Economic development	-2.16** (-0.28)	-0.28
Democracy	-0.44* (-0.17)	-0.17
Trade	-0.18** (-0.42)	-0.42
FDI	0.43** (0.23)	0.23
Inequality	0.14 (0.11)	0.113
N	256	
Constant	0.50	
R squared	0.40	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

Table A-2:
OLS Regression for Economic Development, 1980–93

Variable	Economic development	
	B (β)	Standard error
Democracy	0.13** (0.45)	0.01
Trade	0.01** (0.15)	0.002
FDI	0.03** (0.15)	0.01
N	1 098	
Constant	-1.67	
R squared	0.30	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

Table A-3:
OLS Regression for Political Instability, 1980–85

Variable	Political instability	
	B (β)	Standard error
Food production	1.49 (0.05)	1.32
Minerals	9.12** (0.33)	1.32
Industry	-4.02** (-0.17)	1.32
Trade	-0.18** (-0.43)	0.02
FDI	0.30** (.17)	0.09
Democracy	-0.01 (-0.02)	0.15
Economic development	-1.8** (-0.24)	0.45
N	336	
Constant	5.49	
R squared	0.48	

*Significant at the 0.05 level.

**Significant at the 0.01 level

() Standardized coefficients.

Table A-4:
Average Variable Values by Country, 1965–92

Country	Political instability	Inequality (Top 20)	Economic Development	Democracy	Trade	FDI	Investment in poor countries
Algeria		47	-0.4	0.31	52.94	2.49	20.48
Argentina	30.54	49.65	0.56	3.76	13.97	6.88	0.56
Australia	-11.68	39.71	1.82	10	26.97	15.32	0
Austria	-11.68	38.07	1.31	10	65.78	7.37	0
Bangladesh	8.39	40.35	-3.01	1.4	22.16	0.58	3.02
Belgium		36.7	1.78	10	117.18	11.1	0
Bolivia	44.19	55.22	-1.17	3.21	45.97	14.31	15.13
Botswana	-9.68	59.63		10	96.34	34.1	0
Brazil	0.19	64.59	-0.48	3.76	16.41	8.81	18.98
Bulgaria		36	1.47	0.86	77.87		0
Burma	1.58		-2.93	0	37.26		12.1
Canada	-11.68	41.25	2.32	10	49.51	19.52	0
Chile	0.5	51.59	0.09	3.03	40.96	15.64	20.03
China		40.13	-0.66	0	13.07	2.1	21.38
Colombia	-4.69	56.43	-0.18	8.21	27.82	5.91	15.12
Costa Rica	-11.76	53.61	-0.66	10	67.13	20.91	16.81
Czechoslovakia		36.67	1.81	0.62	48.83	1	0
Denmark	-11.76	42.04	1.56	10	62.39	6.51	0
Dom. Republic	8.22	54.95	-0.87	4.14	48.5	5.46	16.76
Ecuador	19.91	50	-0.36	8.69	48.06	7.68	19.28
Egypt	1.83	45.48	-0.75	0	50.7	14.29	4.65
El Salvador	7.94	52.59	-1.46	4.33	58.63	3.82	8.34
Ethiopia		41	-3.71	0	28.26	2.39	4.79
Finland	-11.76	41.5	1.6	10	53.24	2.37	0
France	-9.44	44.52	1.44	7.97	37.73	5.56	0
Gabon	4.05	68	-0.32	-3.03	100.59	18.64	21.83
Germany	-11.45	42.61	1.7	10	47.6	5.25	0
Ghana		46.11	-1.98	0.92	29.93	3.53	5.48
Guatemala		59.78	-1.5	-0.62	38.72	12.96	9.32

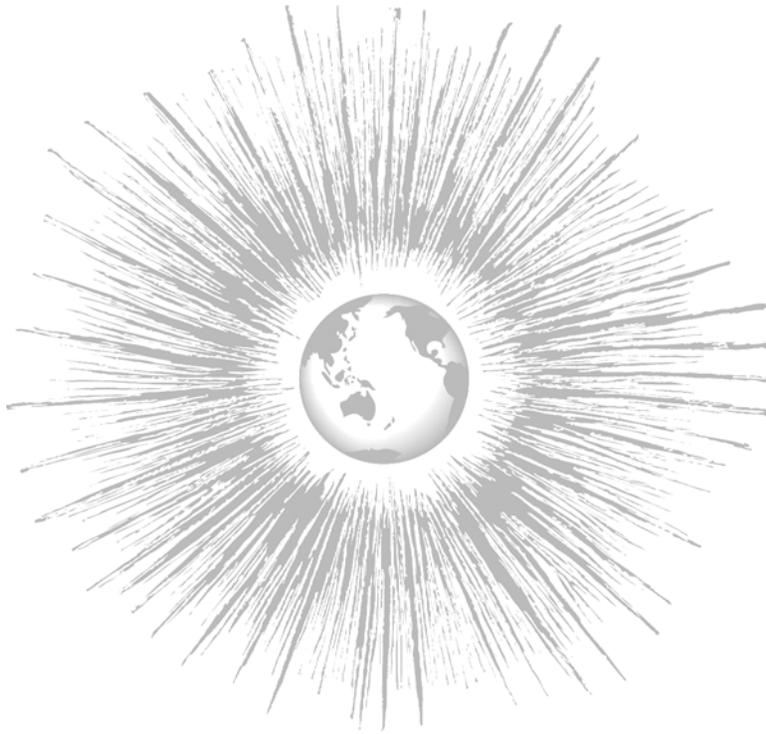
Country	Political instability	Inequality (Top 20)	Economic Development	Democracy	Trade	FDI	Investment in poor countries
Guinea		55.29	-2.46	0	48.76	1.16	9.81
Guinea-Bissau		59	-2.76	0	49.07	1.96	15.17
Guyana		40	-0.52	0.46	130.18	.	19.88
Honduras	5	65.05	-1.53	2.81	62.14	6.79	14.2
Hungary		32.82	1.23	1.25	78.44	6.3	0
India	-8.92	44.86	-1.55	8.28	12.69	0.57	14.1
Indonesia		47.13	-1.56	0	39.68	25.74	19.14
Iran	-1.13	57.06	0.12	0	38.57	0.85	12.82
Ireland	-11.37	40.56	1.16	10	98.03	19.29	0
Israel	-11.67	40.42	0.9	9.07	74.53	3.94	0
Italy	-8.1	43.07	1.14	10	39	3.84	0
Ivory Coast	-2.74	50.48	-1.73	0	69.24	8.26	10.69
Jamaica	-11.6	55.11	0.23	10	86.64	19.41	12.61
Japan	-11.68	40.35	1.24	10	22.68	0.34	0
Jordan		48	-0.52	0.17	88.34	9.23	14.86
Kenya	-0.72	60.8	-2.09	0.55	58.77	6.34	14.58
Korea, Rep. of		43.88	0.2	2.45	58.05	1.98	15.53
Laos		40	-3.1	0	18.18	0.77	2.4
Lesotho		60		1.57	117.98	7.76	0
Liberia		73	-1.4	0	88.31	9.7	4.96
Malaysia	-11.21	55.88	-0.14	8	92.65	28	20.67
Malawi	-2.66	51	-2.99	0	60.01	9.39	10.2
Mauritania		47	-1.67	0	101	4.84	14.34
Mexico	-4.15	58.41	0.39	0.55	20.78	8.91	8.38
Morocco	2.41	45.89	-1.3	0.59	46.9	2.6	9.53
Netherlands	-11.68	39.1	1.79	10	94.02	18.44	0
Nepal		50	-4.2	1.52	22.91	0.16	5.85
New Zealand	-11.76	40.89	1.33	10	45.34	11.82	0
Nicaragua		61.54	-1.03	1.11	58.12	4.63	11.75
Niger	8.06	46.81	-2.73	1.04	37.85	10.51	10.79
Nigeria	12.69	49	-2.17	1.71	34.48	10.01	12.76

Country	Political instability	Inequality (Top 20)	Economic Development	Democracy	Trade	FDI	Investment in poor countries
Norway	-11.76	36.28	1.84	10	84.8	12	0
Pakistan	9.11	42.79	-1.73	2.52	29.71	3.41	9.83
Panama	5.42	61.11	-0.2	1.62	81.33	11.03	19.8
Peru	7.46	52	-0.62	6.36	34.39	4.99	18.33
Paraguay		48.65	-1.36	1.07	51.59	6.24	20.35
Philippines	-4.14	52.14	-1.2	3.29	44.88	4.2	15.93
Poland		34.21	1.51	1.5	45.4	0.25	0
Portugal		47.39	0.23	6.44	63.42	6.06	18.72
Romania		35	1.3	-2.34	40.29		0
Rwanda		39	-3.91	0.28	31.41	7.03	4.25
Senegal	0.98	59	-1.8	1.55	68	5.94	4.93
Sierra Leone	9.11	52.76	-2.6	0.76	51.52	4.14	1.49
Singapore			-0.46	2			21.9
South Africa	-7.08	62.64	1.04	7	53.92	16.36	0
Soviet Union		48	1.68	0.97	10.41		0
Spain	-2.77	41.66	0.73	5.35	32.43	6.59	2.86
Sri Lanka	-9.91	42.85	-2.1	6.25	64.94	7.54	10.05
Sudan	15.09	50.89	-2.33	2.15	28.36	0.4	11.54
Sweden	-11.68	37	1.73	10	55.52	4.48	0
Taiwan		39	0.4	0.62	78.78	5.52	9.29
Tanzania	-0.73	55.2	-2.87	0	44.78	1.48	8.27
Thailand	9.31	50.37	-1.05	3.13	45.6	5.55	19.41
Trinidad		50	1.62	8.23	81.75	28.46	0
Tunisia	-2.57	43.6	-0.72	0	66.35	16.16	14.73
Turkey	2.88	55.12	-0.31	7.43	22.77	0.57	21.24
UK	-7.63	39.69	1.63	10	50.25	15.55	0
Uganda		44.96	-3.3	1.04	21.03	0.16	2.33
Uruguay	4.8	46.1	-0.16	1.86	35.44	11.59	13.03
USA	-11.06	44.2	2.34	10	15.64	4.97	0
Venezuela	4.03	51.43	1.17	8.86	43.74	4.18	0
Yugoslavia		41.04	0.65	0.57	40.49	0.3	4.05

Country	Political instability	Inequality (Top 20)	Economic Development	Democracy	Trade	FDI	Investment in poor countries
Zambia	-3.46	57.8	-0.97	1.45	81.75	7.37	18.24
Zimbabwe	-1.76	64.63	-0.4	4.48	57.05	-0.9	15.59

GENDER AND GLOBALIZATION: FEMALE LABOR AND WOMEN'S MOBILIZATION

Valentine M. Moghadam



This paper casts a gender perspective on globalization to illuminate the contradictory effects on women workers and on women's activism. The scope of the paper is global. The sources of data are UN publications, country-based data and newsletters from women's organizations as well as the author's fieldwork. The paper begins by examining the various dimensions of globalization—economic, political, and cultural—with a focus on their contradictory social-gender effects. These include inequalities in the global economy and the continued hegemony of the core, the feminization of labor, the withering away of the developmentalist/welfarist state, the rise of identity politics and other forms of particularism, the spread of concepts of human rights and women's rights, and the proliferation of women's organizations and transnational feminist networks. I argue that, although globalization has had dire economic effects, the process has created a new constituency—working women and organizing women—who may herald a potent anti-systemic movement. World-systems theory, social movement theory, and development studies should take account of female labor and of oppositional transnational feminist networks.

DEFINING GLOBALIZATION

Globalization is a complex economic, political, cultural, and geographic process in which the mobility of capital, organizations, ideas, discourses, and peoples has taken on an increasingly global or transnational form. Much has been written on the subject from various disciplinary perspectives. Economic globalization pertains to deeper integration and more rapid interaction of economies through production, trade, and financial transactions by banks and multinational corporations, with an increased role for the World Bank and the International Monetary Fund, as well as the more recent World Trade Organization. Although the capitalist system has always been

globalizing and there have been various waves of globalization (e.g., the 1870-1914 period, which is well documented), it is said that the trade, capital flows, and technological advances and transfers since the 1970s are more intensive and extensive than in earlier periods.

Political globalization refers in part to an increasing trend toward multilateralism, in which the United Nations plays a key role, national non-governmental organizations act as watchdogs over governments, and international NGOs increase their activities and influence. Some have called this the making of a global civil society. Political scientists and sociologists have pondered the prospects of the nation-state and national sovereignty in a context of regionalization and globalization in which international financial institutions have increasing power over national economies and state decision-making. Some political scientists are also studying the trends toward democratic consolidation in terms of a global process of democratization.

Cultural globalization refers to worldwide cultural standardization—as in “Coca Colonization” and “McDonaldization”—but also to postcolonial culture, cultural pluralism, and “hybridization”. The various aspects of globalization have promoted growing contacts between different cultures, leading partly to greater understanding and cooperation and partly to the emergence of transnational communities and hybrid identities. But globalization has also hardened the opposition of different identities. This has taken the form of, inter alia, reactive movements such as fundamentalism, which seek to recuperate traditional patterns, including patriarchal gender relations, in reaction to the “westernizing” trends of globalization. Various forms of identity politics are the paradoxical outgrowth of globalization.

Consistent with the contradictory nature of globalization, the impact on women has been mixed. One feature of economic globalization has been the generation of jobs for women in export-processing, free trade zones, and world market factories. This has enabled women in many developing countries to earn and control income and to break away from the hold of patriarchal structures, including traditional household and familial relations. At the same time, however, much of the work available to women is badly paid, or demeaning, or insecure; moreover, women’s unemployment rates are higher than men’s almost everywhere. The feminization of poverty is another unwelcome feature of economic globalization.

The weakening of the nation-state and the national economy similarly has contradictory effects. On the one hand, the withering away of the welfare state as a result of the neoliberal economic policy turn is a uniformly negative outcome for women, in advanced and developing regions alike. On the other hand, the globalization of concepts of human rights and of gender equality, and the activities of international non-governmental organizations (NGOs), are emboldening women and creating space for women’s organizations to grow.

Although not much has been written on this subject, a counter-trend to the particularisms and the identity politics of contemporary globalization is the worldwide dissemination of concepts of women’s rights and the emergence of women’s movements on a global scale. The global nature of the women’s movement is both a cultural and a political aspect of globalization. Indeed, in my view, the singular achievement of globalization is the proliferation of women’s movements at the local level, the emergence of transnational feminist networks working at the global level, and the adoption of international conventions such as the *Convention on the Elimination of All Forms of Discrimination Against Women* and the *Beijing Declaration and Platform for Action of the Fourth World Conference on Women*.

ECONOMIC GLOBALIZATION AND FEMALE LABOR

The trade, capital flows and technological advances that characterize economic globalization entail new economic policies and production systems with important implications for national economies, such as skill requirements, labor market regulations, education policy, and employment. The new “flexible” or “post-Fordist” production systems are guided by the current neoliberal economic orthodoxy which also entails “structural adjustment policies” for developing countries as the only solution to economic crisis and the only path to economic growth. Structural adjustment policies, which aim to balance budgets and increase competitiveness through trade and price liberalization, include reduction of the public-sector wage bill and growth of the private sector, privatization of social services, encouragement of foreign investment, and the production of goods and services for export (“tradables”) through “flexible” labor processes. The international financial institutions, especially the World Bank and the International Monetary Fund, are the chief instigators of this free-market policy shift. Struc-

tural adjustment policies were first implemented in some African and Latin American countries as a result of the debt crisis of the early 1980s. They were extended to other countries in the mid-1980s and were adopted in a number of Middle East countries, including Jordan and Egypt, in the 1990s.

Structural adjustment has been a very controversial topic in the development-studies literature; some development economists find that it has worked in some places but not in others, while other economists have regarded the entire turn to be a disaster for national sovereignty and for people's well-being. The feminist literature on development has been especially critical, charging structural adjustment with carrying out its objectives on the backs of the poor and especially on poor women. Women have had to assume extra productive and reproductive activities in order to survive the austerities of adjustment and stabilization policies, including higher prices, and to compensate for the withdrawal or reduction of government subsidies of food and services.

The adverse effects of economic globalization have been felt within all regions, and especially by their respective labor forces. With increased trade, the prices of imported goods often compete with the prices of domestic products, forcing domestic capitalists to attempt to cut labor costs. In the developed countries, as plants relocate to sites elsewhere in search of cheaper costs of labor and production, jobs disappear and wages erode in the declining industrial sectors. As the developed countries shift from manufacturing to high-tech services, blue-collar unemployment grows, along with the expansion of part-time and temporary jobs. This has come at the expense of the kind of stable employment that men came to expect during "the golden age of capitalism" (Marglin and Schor, 1990), when World Real GDP grew by 4.6 per cent during 1964-73. Developing countries have seen a shift from internally oriented to externally oriented growth strategies and the shrinkage of large public sectors and nationalized industries. The result has been an expansion of informal sectors, self-employment, and temporary employment. In most of the former socialist world, restructuring has led to loss of output, the creation of unemployment, and increased poverty. In both developing and developed regions, the stable, organized, and mostly male labor force has become increasingly "flexible" and "feminized". Keeping the cost of labor low has encouraged the growth of demand for female labor,

while declining household budgets have led to an increase in the supply of job-seeking women.

Through institutions such as the transnational corporation and the state, the global economy generates capital largely through the exploitation of labor, but it is not indifferent to the gender and ethnicity of that labor. Gender and racial ideologies have been deployed to favor white male workers and exclude others, but they have also been used to integrate and exploit the labor power of women and of members of disadvantaged racial and ethnic groups in the interest of profit-making. In the current global environment of open economies, new trade regimes, and competitive export industries, global accumulation relies heavily on the work of women, both waged and unwaged, in formal sectors and in the home, in manufacturing, and in public and private services. This phenomenon has been termed the "feminization of labor." Guy Standing (1989) has hypothesized that the increasing globalization of production and the pursuit of flexible forms of labor to retain or increase competitiveness, as well as changing job structures in industrial enterprises, favor the "feminization of employment" in the dual sense of an increase in the numbers of women in the labor force and a deterioration of work conditions (labor standards, income, and employment status). Women have been gaining an increasing share of many kinds of jobs, but in the context of a decline in the social power of labor and growing unemployment, their labor-market participation has not been accompanied by a redistribution of domestic, household, and childcare responsibilities. Moreover, women are still disadvantaged in the new labor markets, in terms of wages, training, and occupational segregation. They are also disproportionately involved in forms of employment increasingly used to maximize profits: temporary, part-time, casual, and home-based work. Generally speaking, the situation is better or worse for women depending on the type of state and the strength of the economy. Women workers in the welfare states of northern Europe fare best, followed by women in other strong Western economies. In Eastern Europe and the former Soviet Union, the economic status of working women changed dramatically for the worse following the collapse of communism. In much of the developing world, a class of women professionals and workers employed in the public sector and in the private sector has certainly emerged due to rising educational attainment, changing aspirations, economic need, and the demand for relatively cheap labor.

However, vast numbers of economically active women in the developing world lack formal training, work in the informal sector, have no access to social security, and live in poverty.

PROLETARIANIZATION AND PROFESSIONALIZATION: INDUSTRY AND SERVICES

As world markets have expanded, a process of female proletarianization has taken place. In developing countries -- and especially in southeast and east Asia, parts of Latin America and the Caribbean, and Tunisia and Morocco -- more and more women have been drawn into the labor-intensive and low-wage textile and garment industries, as well as into electronics and pharmaceuticals, which produce both for the home market and for export. The surge in women's waged employment in developing countries began in the 1970s, following an earlier period of capitalist development and economic growth that was characterized by the displacement of labor and craft work, commercialization of agriculture, and rural-urban migration (see Bosserup, 1970). Some have called the marginalization of women "housewife-ization" (Mies, 1986); others have described it as the "U pattern" of female labor-force participation in early modernization.

During the 1970s, it was observed that export-processing zones along the U.S.-Mexico border and in southeast Asia, established by transnational corporations to take advantage of low labor costs in developing countries, were hiring mainly women (Elson and Pearson, 1981; Nash and Fernandez-Kelly, 1983; Lim 1985). By the early 1980s, it was clear that the new industrialization in what was then called the Third World was drawing heavily on women workers. Many studies by women-in-development specialists and socialist-feminists centered on the role played by the available pool of relatively cheap female labor. Gender ideologies emphasizing the "nimble fingers" of young women workers and their capacity for hard work, especially in the southeast Asian economies, facilitated the recruitment of women for unskilled and semi-skilled work in labor-intensive industries at wages lower than men would accept, and in conditions that unions would not permit. In Latin America, women entered the labor force at a time when average wages were falling dramatically. Around the world, women's share of total industrial labor rarely exceeds 30-40 percent, but "the percentage of women workers in export processing factories producing textiles, electron-

ics components and garments is much higher, with figures as high as 90% in some cases" (Pearson, 1992: 231). One study concluded that "exports of manufactures from developing countries have been made up in the main of the kinds of goods normally produced by female labor: industrialization in the post-war period has been as much *female led* as *export led*" (Joekes/INSTRAW, 1987: 81).

The process of the feminization of labor continued throughout the recessionary 1980s, not only in the manufacturing sector, but also in public services, where throughout the world women's share has grown to 30-50 percent -- at a time when public-sector wages, like industrial wages, have been declining. In Iran, Egypt, and Turkey, women's share of public-service employment (including jobs as teachers and university professors in public schools and state universities, nurses and doctors in state hospitals, and workers and administrators across the ministries) has increased. This has occurred at a time when salaries have eroded tremendously and more men are gravitating toward the more lucrative and expanding private sector (Moghadam, 1997a).

The proletarianization and professionalization of women have cultural repercussions and sometimes entail gender conflicts. During the 1980s the increasing participation of women in the labor force in Middle Eastern countries was accompanied by subtle and overt pressures on them to conform to religious dictates concerning dress. Hence in Egypt, many professional women came to don modest dress and to cover their heads. One may hypothesize that in the earlier stage of the Islamist movement, the influx of women in the work force raised fears of competition with men, leading to calls for the redomestication of women, as occurred immediately after the Iranian revolution. In the current stage, with the labor-force participation of women now a *fait accompli*, Islamists in Turkey, Iran, Egypt, Sudan, and Yemen are not calling on women to withdraw from the labor force -- indeed, many of their female adherents are educated and employed -- but they do insist on veiling and on spatial and functional segregation. Only the most determined and secular women resist these pressures, as they seek employment in public and private services.

As world trade in services has increased and global firms engage in out-sourcing, the involvement of women in various occupations and professions of the services sector has grown. Women around the world have made

impressive inroads into professional services such as law, banking, accounting, computing, and architecture; in tourism-related occupations; and in the information services, including offshore airline booking, mail order, credit cards, word-processing for publishers, telephone operators, and so on. The world trade in services also favors women's labor migration, in contrast to the demand for men manufacturing workers during the earlier periods of industrialization in Europe and the United States. Mexican, Central American, and Caribbean women have migrated to the United States to work as nurses, nannies, or domestics; Filipinas and Sri Lankans to neighboring countries as well as to the Middle East to work as waitresses, nurses, nannies, or domestics; Argentine women to Italy to work as nurses; and an increasing number of Moroccan, Tunisian, and Algerian women migrating alone to work in various occupations in France, Italy and Spain.

The surge in women's employment is characteristic not only of developing countries. In 16 European countries, the increase in the number of women in the labor force over the period 1983-91 was quite dramatic, whereas it was relatively modest for men. In six countries the number of employed men actually fell over the period, most significantly by 3.4 percent in Belgium (*Employment Observatory*, 1994: 11-14). The Nordic countries, including Finland, now have the highest rate of employment among women, with North America following close behind. Moreover, the feminization of labor denotes not only the influx of women into relatively low-paying jobs, but the growth of part-time and temporary work among *men*, especially in New Zealand, the United Kingdom, and the Netherlands, mainly in retail trade, hotels and catering, banking, and insurance (UN, 1991: 190). Indeed, in the Netherlands, men's part-time work in 1992 was as high as 13.4 percent of total male employment, up from 5.5 percent in 1979.

The Informal Sector, the Income Gap, Unemployment

At the same time that women have been entering the formal labor force in record numbers in the developed countries, much of the increase in female labor-force participation in developing countries has occurred in the informal sectors of the economy. Unregistered and small-scale urban enterprises, home-based work and self-employment may fall into this category, and they include an array of commercial and productive activities. (The extent of the urban informal sector and its links to the formal sector are matters of

dispute, and women's involvement in it has not always been captured in the official statistics.) In the urban areas of developing countries, many formal jobs have become "informalized" as employers seek to increase "flexibility" and lower labor and production costs through subcontracting, as Beneria and Roldan (1987) showed in their study of Mexico City. The growth of informalization is observed also in developed countries. Drawing on existing gender ideologies regarding women's roles, their attachment to family, and the perceived lower value of their work, subcontracting arrangements encourage the persistence of home-based work (Boris and Prugel 1996). Many women accept this kind of work—with its insecurity, low wages, and absence of benefits—as a convenient form of income-generation that allows them to carry out domestic responsibilities and care for children. Fernandez-Kelly (1989: 613) emphasizes "the process whereby employers seeking competitive edges in domestic and international markets can tap into not only 'cheap labor', which is both female and male, but also into a substratum of labor, predominately female, that is outside of formal relationships".

The social relations of gender account for the pervasive income gap between men and women workers, a gap that is detrimental to women but lucrative to employers. On average women earn 75 percent of men's wages (UNDP, 1995: 36), with Sweden, Sri Lanka, and Viet Nam at the upper and more egalitarian end (90 percent), and Bangladesh, Chile, China, Cyprus, South Korea, the Philippines, and Syria at the lower and more unequal end (42-61 percent). The gender-based income gap is found mainly in the private sector, whereas the public sector tends to reward women more equitably. Some of the income difference in the incomes gap is certainly based on lower education and intermittent employment among women workers. Yet gender bias accounts for much of the difference in earnings. In some countries (e.g., Ecuador, Jamaica, the Philippines), women earn less than men despite higher qualifications, a problem that is especially acute in the private sector (World Bank, 1995: 45). Labor-market segmentation along gender lines perpetuates the income gap. For example, in the computing and information processing sectors, the majority of high-skilled jobs go to male workers, while women are concentrated in the low-skilled ones (Pearson and Mitter, 1993: 50).

Considering the social relations of gender and the function of gender ideologies, it should come as no surprise that despite women's key role in the

global economy, unemployment rates of women are very high. Global unemployment is partly a function of the nature of global economic restructuring itself, which has entailed massive retrenchment of labor in many developing countries, in the former socialist countries now undergoing marketization, and in the developed countries. Unemployment rates are especially high in Algeria, Jamaica, Jordan, Egypt, Morocco, Nicaragua, Poland, the Slovak Republic, and Turkey (World Bank, 1995: 29)—but they are often higher for women than for men (Moghadam, 1995). In many developing countries unemployed women are new entrants to the labor force, who are seeking but not finding jobs (as in Egypt, Iran, Turkey, and Chile, where women's unemployment can be as high as 30 percent, compared with 10 percent for men); in certain countries where restructuring has occurred in enterprises employing large numbers of women, or in export sectors that have lost markets, the unemployment rates of women may also reflect job losses by previously-employed women -- as in Malaysia in the mid-1980s, Viet Nam in the late 1980s, Poland, Bulgaria and Russia in the early 1990s, and Morocco, Tunisia and Turkey more recently.

In some cases, women experience job loss as a result of technological advances in the workplace. As has been noted above, many enterprises producing textiles and electronics, especially those for export, rely heavily on women workers. And yet as more sophisticated technology is used to produce these goods, women workers tend to be replaced by men or recruited at a slower pace, as appears to have been occurring in the Mexican *maquiladoras* (Sklair, 1993), and in the textiles industries of Spain and Italy.

In all regions, high unemployment represents the downside of economic globalization, especially for women workers, who must contend with not only the class biases but also the gender biases of free-market economics. The feminization of unemployment, therefore, is as much a characteristic of the global economy as is the feminization of labor.

Structural Adjustment and Women

As mentioned above, structural adjustment policies have been controversial in the development community. The now-classic UNICEF study, *Adjustment with a Human Face* (Cornia, Jolly, and Stewart, 1987), highlighted the social costs of adjustment and provided empirical evidence of the deterioration of social conditions in ten countries undergoing adjustment. Subse-

quent studies found that there have been differential impacts on the various categories of the poor, including the "chronic" poor, "borderline" poor, and the "new" or "working poor". In the early 1980s, critical voices argued that adjustment and stabilization programs in developing countries were having particularly adverse effects on women. Da Gama Santos (1985) recognized that the gender division of labor and the differential positions of women and men in the spheres of production and reproduction would mean that the new policy shifts would lead to very different outcomes for women and men, although these gender differences would differ further by social class and by economic sector. Others have found that the burden of adjustment falls on the urban poor, the working class, and women (Elson, 1991; Sparr, 1995).

In many ways, the women of the working class and urban poor have been the "shock absorbers" of neoliberal economic policies. Structural adjustment policies -- with their attendant price increases, elimination of subsidies, social-service decreases, and introduction or increase of "user fees" for "cost recovery" in the provision of schooling and health care -- heighten the risk and vulnerability of women and children in households where the distribution of consumption and the provision of health care and education favor men or income-earning adults. Structural adjustment causes women to bear most of the responsibility of coping with increased prices and shrinking incomes, since in most instances they are responsible for household budgeting and maintenance. Rising unemployment and reduced wages for men in a given household lead to increased economic activity on the part of women and children. This occurs also in households headed by women, an increasing proportion of all households in most regions. Household survival strategies include increases in the unpaid as well as paid labor of women, as discussed in the previous section. In the Philippines, mean household size increased, as relatives pooled their resources. One study found that the combined effects of economic crisis and structural adjustment in Peru led to a significant increase in poverty, with worse outcomes for households headed by women. Structural adjustment policies and other forms of neoliberalism are said to be a major factor behind the "feminization of poverty" (see Moghadam, 1997b).

Why do economic crises and structural adjustment hurt women more than they do men? The reasons have to do with both the social relations of gender and the nature of market reforms.

- Customary biases and intrahousehold inequalities lead to lower consumption by and fewer benefits for women and girls among lower-income groups.
- The mobility of labor that is assumed by free-market economics and encouraged by structural adjustment policies does not take into account the fact that women's geographic and occupational mobility is constrained by family and childrearing responsibilities.
- The legal and regulatory framework often does not treat women as autonomous citizens but rather as dependents or minors -- with the result that in many countries, women cannot own or inherit property, or seek a job or take out a loan without the permission of husband or father.
- Structural adjustment policies over-stretch women's labor time by increasing women's productive activities (higher labor-force participation due to economic need and household survival strategy) and reproductive burdens (in that women have to compensate in caregiving for cutbacks in social services). Working-class women and urban poor women are particularly hard hit.
- Because of women's concentration in government jobs in many developing countries, and because the private sector discriminates against women or is otherwise "unfriendly" to women and unwilling to provide support structures for working mothers, middle-class women may suffer disproportionately from policies that aim to contract the public-sector wage bill by slowing down public-sector hiring.
- Industrial restructuring or privatization adversely affect women, as women tend to be laid off first because of gender bias, but also because women workers tend to be concentrated in the lower rungs of the occupational ladder, in unskilled production jobs, or in over-staffed administrative and clerical positions.
- The poverty-inducing aspect of structural adjustment hits women hard and is especially hard on female-headed households with children.
- Labor-market discrimination and job segregation result in women being concentrated in the low-wage employment sectors, in the informal sector, and in the contingent of "flexible labor".

The above discussion highlights the ways in which women have been incorporated into the global economy as a source of relatively cheap labor, and the social-gender effects of economic globalization. The simultaneous emergence and expansion of formal and informal employment among women can be explained in terms of labor-market segmentation, various management strategies to extract surplus-value or increase profitability, and (thus far) the depressed status of unions. I have argued that the global economy is maintained by *gendered* labor, with definitions of skill, allocation of resources, occupational distribution, and modes of remuneration shaped by asymmetrical gender relations and by gender ideologies defining the roles and rights of men and women and of the relative value of their labor. But the effects have not been uniformly negative, for there have been unintended consequences of women's economic participation. Tiano (1994) and Kim (1997) provide detailed accounts of how women workers in the Mexican maquilas and in a South Korean free export zone, respectively, accommodate and resist the dominating forces of global capitalism and patriarchy. Others have shown that the entry of women into the labor force in such large numbers has important implications for changes in gender relations and ideologies within the household and the larger society, and for women's gender consciousness and activism (Safa 1996).

WOMEN'S RESPONSES TO GLOBALIZATION

It should come as no surprise that the massive entry of women into the work force around the world, whether as professionals or as proletarians, has coincided with the political mobilization of women and the expansion of women's organizations of all types. In this section I will discuss two types of women's mobilization: as workers (in unions) and as critics of neoliberalism in transnational feminist networks.

Women and Unionization

In a number of advanced industrialized countries (the United States, Australia, the Nordic countries) women are the largest growing union constituency. In Japan, the Asian Women Workers' Center studies and promotes the rights of women workers throughout east and southeast Asia and publishes a newsletter called *Resources Materials on Women's Labor in Japan*. In Taiwan the Grassroots Women Workers Centre, established in 1988,

engages in various activities, including defense of the rights of immigrant women workers, and publishes a newsletter called *Female Workers in Taiwan*. According to its Spring 1994 newsletter: "The Centre intends to provide opportunities for factory women and family subcontractors to reform the male-dominated workers' union, and to develop women workers' unions and workers' movements through the promotion of feminism". Similar activities and goals are shared by the Committee for Asian Women in Hong Kong. In Morocco, feminist groups have come to the assistance of factory women who went on strike over sexual harassment. In Guatemala, women workers at an export shirt-making factory won a union contract, the first in a Guatemala *maquiladora*. In India, the Self-Employed Women's Association (SEWA) operates as a trade union and a consciousness-raising feminist organization. In Israel, Arab women workers ignored by the Histadrut formed the Arab Women Workers Project.

In the Middle East and North Africa, the involvement of women in paid employment has resulted in the politicization of women and of gender issues. In Tunisia, the National Commission on Working Women was created in July 1991 within the Tunisian General Federation of Workers. The Commission has 27 branches throughout Tunisia, and carries out surveys and studies pertaining to women and the workplace. In Morocco, a Roundtable on the Rights of Workers was organized in 1995 by the Democratic League of Women's Rights, and a committee structure was subsequently formed, consisting of 12 participating organizations. The group seeks to revise the labor code to take into account women's conditions, to include domestic workers in the definition of wage-workers and the delineation of their rights and benefits, to set the minimum work age at 15, and to provide workers on maternity leave with full salary and a job-back guarantee. In November 1995, some 500 women textile workers employed by the Manufacture du Maroc factory outside Rabat went on strike for two weeks to protest "repeated violence" against several women employees. This included the arbitrary dismissal of the general secretary of the factory's union of women workers, her subsequent rape by a foreman, and the firing of 17 women workers who protested the union leader's dismissal and rape. Morocco's Association of Democratic Women then set out to "mobilize human rights organizations and all the women's organizations" in defense of the women workers. The incident not only shows the vulnerability of women at the

workplace, but the capacity of women workers to fight in defense of their rights, and the ability of the feminist organizations to mobilize support for women workers.

Historically, the labor movement has been constituted largely by men, and the culture of the labor movement and of unions has been rather masculine. In many countries, particularly in northern Europe, Italy, Australia, and North America, union membership is taking on a female face (Eaton, 1992; Hastings and Coleman, 1992). During the last decade, women have made their way into positions of power in Australian trade unions at a time when overall union membership began to decline. The numbers of women on the national peak council, the Australian Council of Trade Unions, rose from zero to one-third; in the State of South Australia the three major white collar unions (teachers, nurses, public servants) are all currently led by women. All these gains have been made since the mid-1980s (Franzway, 1994). The International Confederation of Free Trade Unions (ICFTU) and the Public Services International (PSI) have active women's departments—and now, so does the AFL-CIO.

In global terms, the highest union density is found in northern Europe—Denmark, Finland, Norway, and Sweden—where women's participation as workers and as union officials is the greatest. In those countries, union density is very high in community, social and personal services (68-87 percent), in trade, restaurants, and hotels (47-49 percent), and in manufacturing (80-100 percent), in both the public and private sectors. Women are making up an increasing share of union membership, especially in services, with the most impressive figures found in Denmark. Danish women represent 42 and 62 percent of the two main union federations; they are 30 and 39 percent of the delegates to the union Congress and 13 and 41 percent of members of leading committees, as well as 10 and 30 percent of leaders of individual unions (see Hastings and Coleman, 1992; Klausen, 1997). On at least one occasion that I know of during the 1990s, the Danish labor movement sent an all-woman delegation to the annual Congress of the International Labour Organization in Geneva. In Finland women comprise 45 percent of the membership of one of the two labor confederations (SAK); they also constitute about 37.5 percent of delegates to the SAK Congress, and 40 percent of the union council. The proportions of women in union

leadership positions are also increasing in Germany, Portugal, Italy, the Netherlands, France, and England.

Transnational Feminist Networks

Contemporary women's movements constitute one of the most prodigious areas of feminist research in the disciplines of sociology and political science. Jacquette shows how women's movements in Latin America were centrally involved in the democratic transitions. A cross-regional perspective on women's movements is found in Basu (1995). India's dynamic women's movement and myriad women's organizations have long been the subject of scholarly and political inquiry, with valuable studies published by Indian scholars and by Western scholars. I have researched the emergence of women's movements in the Middle East and North Africa (Moghadam, 1997a, ch. 9). Many studies have sought to explain the rise of women's movements in terms of women's growing educational attainment and participation in the paid labor force, as well as in terms of the contours of political cultures. Few have examined the rise of transnational feminist networks in an era of globalization (but see Moghadam, 1996a). In my view, the emergence of transnational feminism—notwithstanding cultural, class, and ideological differences among the women of the world—is the logical result of the existence of a capitalist world-economy in an era of globalization, and the universal fact of gender inequality.

Interaction among feminist groups has been facilitated by four world conferences on women between 1975 and 1995, numerous regional preparatory meetings, the participation of many women's non-governmental organizations (NGOs) in the UN conferences of the 1990s, concerns over increasingly harsh economic realities, and use of the new information and communication technologies. Feminist groups and women's organizations remain rooted in local issues, but their vocabulary, strategies and objectives have much in common with each other. They engage in information exchange, mutual support, and a combination of lobbying, advocacy and direct action towards the realization of their goals of equality and empowerment for women and social justice and societal democratization. Two examples may illustrate this. First, concerted action since the late 1980s of networks including DAWN and WIDE in opposition to structural adjustment policies and the activities of the international financial institutions in

developing countries, has forced the World Bank to make important concessions on gender and social issues. Second, pressure from WAPHA, NOW and the Feminist Majority was instrumental in preventing U.S. recognition of the Taleban regime in Afghanistan.

Contrary to the assertions of certain analysts of "new social movements", women's movements and organizations are not necessarily non-economic and identity-focused. The transnational feminist networks I've described organize around issues pertaining to the economy, the political system, and foreign policy, as well as reproductive rights and violence against women. One reason may be the left-wing background of some of the leading figures in the networks; another reason may be precisely the fact that these networks link developing and developed countries. They have arisen in the context of economic, political, and cultural globalization—and they are tackling both the particularistic and the hegemonic trends of globalization. They are advancing criticisms of inequalities and forms of oppression, neoliberal economic policies, unsustainable economic growth and consumption, As Sen and Grown put it in a now-classic publication:

We know now from our own research that the subordination of women has a long history and is deeply ingrained in economic, political, and cultural processes. What we have managed to do in the last few years is to forge grassroots women's movements and world-wide networks such as never existed before, to begin to transform that subordination and in the process to break down other oppressive structures as well (Sen and Grown 1987, p.22.)

Transnational feminist networks include Network Women in Development Europe (WIDE), based in Brussels and consisting of 12 national branches; Development Alternatives with Women for a New Era (DAWN), based in the Caribbean and with active branches in Latin America and South Asia; Women Working Worldwide, a coordinating group based in London; the International Association for Feminist Economics and the International Women's Tribune Center, both based in the United States; the Asia-Pacific Research and Resource Organization for Women (ARROW), based in Kuala Lumpur; Women Living Under Muslim Laws, based in Montpellier, France, and with an active branch, Shirkat Gah, in Lahore, Pakistan; ISIS International Women's Information and Communication Service, with one center in Quezon City, Philippines, and another in Santiago, Chile.

DAWN. Development Alternatives with Women for a New Era was formed in 1985 and consists of individuals and groups in Latin America, the Caribbean, South Asia, and Southeast Asia. Leading figures are Peggy Antrobus in Jamaica, Gita Sen in India, and Neuma Aguiar in Rio de Janeiro. Two of the founding members of DAWN now have senior positions in the United Nations system: Noeleen Heyzer of Malaysia is the head of UNIFEM, and Lourdez Arizpe of Mexico is an assistant director-general at UNESCO. DAWN has focused much of its activity on two issues: economic policy (especially its critique of structural adjustment and the international financial institutions) and reproductive rights and population policy. DAWN has also published a number of books on the above such issues. Members of DAWN are very active in international economic circles, where they try to influence economic decision-making.

WLUML. Women Living Under Muslim Laws was also formed in 1985 and is an international network of individuals and groups that monitors the status of women in Muslim countries, as well as Muslim women living elsewhere. It is a secular, anti-fundamentalist organization that largely emphasizes women's human rights issues. It disseminates action alerts from France and a News Sheet from Pakistan, along with other publications. Its leading figures, including Marie-Aimée Hélie-Lucas (born in Algeria) and Farida Shaheed (Pakistani) are often invited to expert-group meetings held by the UN or by European governments.

WIDE. Network Women in Development Europe was also established in 1985; its members are women's groups in the European countries, and its secretariat is in Brussels. Its focus is on development assistance and the global economy, with a feminist critique of economic theory and of European and U.S. trade and foreign aid policies. In 1995 its president, Helen O'Connell, was accredited to the official conference in Beijing and presented a statement during the General Exchange of Views. Despite its critique of European policy it has obtained considerable funding from the European Union.

WEDO. Women's Environment and Development Organization was co-founded by the late Bella Abzug in the period before the Earth Summit in Rio de Janeiro, and is now led by Susan Davis and based in New York. Its goal is "to make women more visible as equal participants, experts and leaders in policy-making from the community to the international level,

and in formulating alternative, healthy, and peaceful solutions to world problems." WEDO co-chairs are based in Brazil, Guyana, Norway, Egypt, Kenya, Nigeria, Costa Rica, India, and New Zealand. WEDO is currently engaged in monitoring the implementation of the Beijing Platform for Action around the world.

Transnational feminist networks are the organizational expression of the transnational women's movement, or global feminism. Global feminism may be defined as the discourse and movement of women aimed at advancing the status of women through greater access to resources, through legal measures to effect gender equality, and through the self-empowerment of women within national boundaries but through transnational forms of organizing and mobilizing. A vivid demonstration of "global feminism on the ground" was the myriad preparatory activities around the world for the Fourth World Conference on Women, and of course the participation of numerous women's NGOs at the conference itself. *The Beijing Declaration and Platform for Action* may be regarded as the "manifesto" of global feminism (Moghadam, 1996a).

THEORETICAL AND POLITICAL IMPLICATIONS

Inasmuch as women have been organizing and mobilizing against the particularistic and hegemonic aspects of globalization, there are political implications to what I have discussed in this paper. In addition, there are theoretical implications for development studies, world-systems analysis, and social-movement theory.

I have argued that the capitalist world-economy functions by means of the deployment of labor that is waged and non-waged, formal and informal, male and female. In recent decades, the involvement of women in various kinds of labor arrangements has been striking. Capitalist accumulation is achieved through the surplus-extraction of labor, and this includes the paid and unpaid economic activities of women, whether in male-headed or female-headed households. The various forms of the deployment of female labor reflect asymmetrical gender relations and patriarchal gender ideologies. Global accumulation as the driving force of the world-system not only hinges on class and regional differences across economic zones, it is a gendered process as well, predicated upon gender differences in the spheres of production and reproduction. In an era of economic globalization, the pres-

sure for greater competitiveness through lower labor and production costs encourages the demand for and supply of female labor.

However, in a reflection of the contradictions of capitalism and of exploitation, the involvement of women in the global economy and in national labor forces has also served to interrogate and modify gender relations and ideologies. Organized and mobilized women—both nationally and transnationally—are raising questions about social and gender arrangements and making demands on employers, governments, and international financial institutions. Many feminist organizations are middle-class and often elite, but class lines are increasingly blurred as women professionals and women proletarians find common cause around personal, economic, and social issues, including violence against women, poverty, job security, land rights, the redistribution and socialization of domestic work, reproductive health and rights, and women's roles in decision-making.

In this connection, the study of gender and globalization has implications for social-movement theory as well—a theory that thus far has been West-centered, gender-blind, and focused on national events. First, transnational feminist networks have emerged in a multifaceted context of opportunities and constraints: (a) a growing population of educated, employed, mobile, and politically-aware women around the world; (b) increasing opportunities afforded by UN conferences; (c) economic crisis and restructuring; (d) continued discrimination, oppression, and gender inequality, and (e) economic, political, and cultural globalization. Second, transnational feminist networks suggest that social movements and social movement organizations may occupy a supra-national or global space. This calls into question theorizing that begins and ends with single societies. One may continue to argue the need for nationally-oriented research and point out the continued salience of nation-states and domestic organizations. But nation-states, national economies, and cultural formations—including social movements and organizations—are increasingly affected by globalization, with the result that the appropriate unit of analysis must combine global and local. Specifically, transnational feminism suggests that social movements may form, and organizations may mobilize, under a set of global conditions, and not only in the context of national opportunities and constraints.

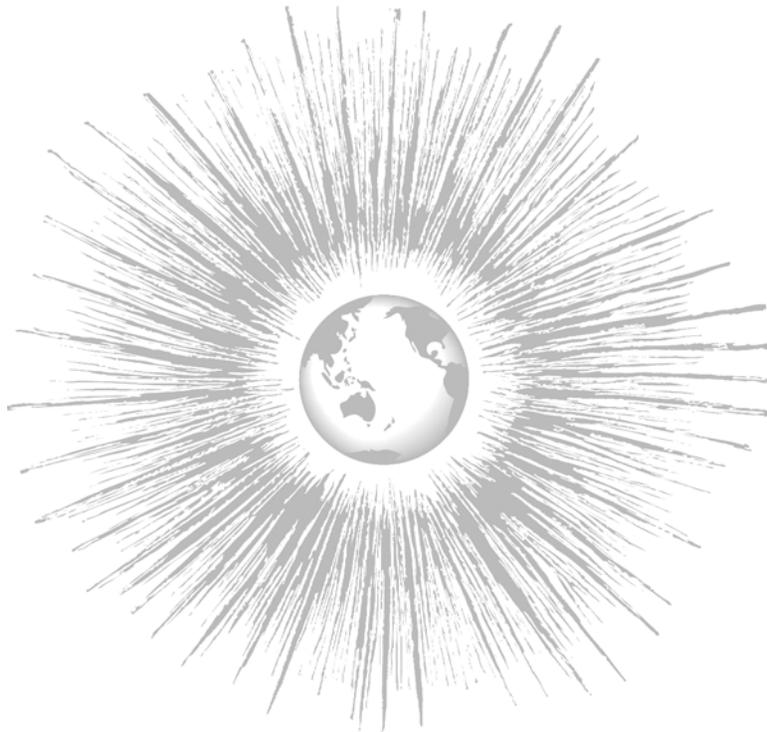
REFERENCES

- Beneria, Lourdes and Martha Roldan. 1987. *The Crossroads of Class and Gender: Industrial Homework, Subcontracting, and Household Dynamics in Mexico City*. University of Chicago Press.
- Boris, Eileen and Elisabeth Prugl (eds.). 1996. *Homeworkers in Global Perspective*.
- Boserup, Ester. 1970 [second edition, 1987]. *Women and Economic Development*. New York: St. Martin's Press.
- Cinar, Mine. 1994. "Unskilled Urban Migrant Women and Disguised Employment: Homeworking Women in Istanbul, Turkey." *World Development* 22 (3): 369-380.
- Cornia, Giovanni A., Richard Jolly and Frances Stewart (eds.). 1987. *Adjustment with a Human Face*. Oxford: Clarendon Press.
- da Gama Santos, Margarida. 1985. "The Impact of Adjustment Programmes on women in Developing Countries." *Public Enterprise*, vol. 5, no. 3 (May): 287-297. Ljubljana: International Center for Public Enterprises in Developing Countries.
- Eaton, Susan C. 1992. "Women Workers, Unions and Industrial Sectors in North America." Geneva: International Labour Office, *IDP Women Working Paper 1* (October).
- Elson, Diane and Ruth Pearson. 1981. "Nimble Fingers Make Cheap Workers: An Analysis of Women's Employment in Third World Export Manufacturing." *Feminist Review* (Spring): 87-107.
- Elson, Diane (ed.). 1991. *Male Bias in the Development Process*. London: Macmillan.
- Employment Observatory: Trends. 1994. *Bulletin of the European System of Documentation on Employment*, no. 19.
- Fernandez-Kelly, Patricia. 1994. "Broadening the Scope: Gender and the Study of International Development." In Kincaid and Portes, eds., *Comparative National Development*. Chapel Hill: The University of North Carolina Press.
- Franzway, Suzanne. 1994. "Women Working in Australian Unions." Paper prepared for the *International Sociological Association, RC44*, Bielefeld, Germany, 18-23 July.
- Hastings, Sue and Martha Coleman. 1992. "Women Workers and Unions in Europe: An Analysis by Industrial Sector." Geneva: International Labour Office, *IDP Working Paper 4*.
- Joekes, Susan/INSTRAW. 1987. *Women in the Global Economy: An INSTRAW Study*. New York: Oxford University Press.
- Kim, Seung-Kyung. 1997. *Class Struggle or Family Struggle? The Lives of Women Factory Workers in South Korea*. Cambridge, UK: Cambridge University Press.
- Klausen, Jytte. 1997. "The Declining Significance of Male Workers: Trade Unions Responses to Changing Labor Markets." In Peter Lange, et al., eds., *Crisis and Conflict in Contemporary Capitalism*. Cambridge University Press.
- Lim, Linda. 1985. *Women Workers in Multinational Enterprises in Developing Countries*. Geneva: ILO.
- Marglin, Stephen and Juliet Schor eds. 1990. *The Golden Age of Capitalism*. Oxford: Clarendon Press.
- Mies, Maria. 1986. *Patriarchy and Accumulation on a World Scale*. London: Zed Books.

- Moghadam, Valentine M. 1994. "Women and Identity Politics in Theoretical and Comparative Perspective." Pp. 3-26 in V. M. Moghadam, ed., *Identity Politics and Women: Cultural Reassertions and Feminisms in International Perspective*. Boulder, CO: Westview Press.
- _____. 1995. "Gender Aspects of Employment and Unemployment in a Global Perspective." In Mihaly Simai, ed., *Global Employment: An Investigation into the Future of Work*. London: Zed Books and Tokto: UNU Press.
- _____. 1996. "Feminist Networks North and South: DAWN, WIDE and WLUMML." *Journal of International Communication*, vol. 3, no. 1 (July): 111-121.
- _____. 1997a. *Women, Work and Economic Reform in the Middle East and North Africa*. Boulder, CO: Lynne Rienner Publishers.
- _____. 1997b. "The Feminization of Poverty? Notes on a Concept and Trends." Illinois State University Women's Studies Program, *Occasional Paper No. 2* (August).
- Nash, June and Maria Fernandez-Kelly (eds.). 1983. *Women, Men, and the International Division of Labor*. Albany: SUNY Press.
- Pearson, Ruth. 1992. "Gender Issues in Industrialization." In Tom Hewitt, Hazel Johnson, and David Wield, eds., *Industrialization and Development*. Oxford: OUP
- Pearson, Ruth and Swasti Mitter. 1993. "Employment and working conditions of low-skilled information-processing workers in less-developed countries." *International Labour Review*, vol. 132, no. 1: 49-64.
- Safa, Helen. 1996. "Gender Inequality and Women's Wage Labor: A Theoretical and Empirical Analysis." In V.M Moghadam, ed. *Patriarchy and Development*. Oxford: Clarendon Press.
- Sklair, Leslie. 1991. *A Sociology of the Global System*. Baltimore: Johns Hopkins Univ. Press.
- Standing, Guy. 1989. *Global Feminization Through Flexible Labor*. *World Development*, 17 (7): 1077-95.
- Sparr, Pa.mela (ed.). *Mortgaging Women's Lives: Feminist Critiques of Structural Adjustment*. London: Zed.
- Tiano, Susan. 1994. *Patriarchy on the Line: Labor, Gender, and Ideology in the Mexican Maquila Industry*. Philadelphia: Temple University Press.
- UNDP. 1995. *The Human Development Report 1995*. New York: OUP.
- United Nations. 1991. *World Economic Survey 1991*. New York: UN/DIESA.
- _____. 1995. *The World's Women 1995: Trends and Statistics*. New York: UN.
- World Bank. 1995. *World Development Report 1995: Workers in an Integrating World*. New York: OUP.
- World Development. Vol. 23, No. 11, 1995. *Symposium on Gender and Structural Adjustment*.

INDIGENOUS STRUGGLES AND THE DISCREET CHARM OF THE BOURGEOISIE

Jonathan Friedman



INTRODUCTION

Since the mid-Seventies there has been a massive increase in the activities of indigenous minorities in the world. Their struggles have become global news, and they have entered numerous global organizations so that they have become an international presence. This, I shall argue, does not mean that they have been globalized and that they are just like everyone else in today's globalizing world. They have been part of many a national scene for many decades. They have been marginalized in their own territories, boxed, packaged and oppressed, sometimes even unto death. But this has changed in many parts of the world, because the indigenous is now part of a larger inversion of Western cosmology in which the traditional other, a modern category, is no longer the starting point of a long and positive evolution of civilization, but a voice of Wisdom, a way of life in tune with nature, a culture in harmony, a *gemeinschaft*, that we have all but lost. Evolution has become devolution, the fall of civilized man. But there is a social reality to this change as well, since the voices of the Other are the voices of real people struggling for control over their conditions of existence. This struggle is not about culture as such, but about social identity of a particular kind, indigenous identity, which is constituted around cultural and experiential continuities that are only poorly mirrored in Western categories, not least in anthropological categories. Fourth world struggles have been partially—and in some cases *very*—successful, but they do not operate in a simple structure where the only larger context is the national state. They are also part of a dynamic global system, one that is multiplex and contains a number of related processes. There has been a more general inflation of cultural politics and ethnic conflict in the world, together with substantial increases in class stratification, economic polarization and major shifts in capital accumula-

tion. All of these changes constitute a field of analysis that must, I believe, be our central focus for understanding.

We need always to struggle to gain and maintain a perspective on reality, especially in periods, like this one, when it seems to be escaping at such great speed. This is a period of rapid change. It is heralded as the age of information, the age of globalization. Anthropologists have been much taken by the current transformations but have not done much in the way of research on them. This is unfortunate because the changes, or experienced changes, have certainly impacted on the discipline. What is going on? Is culture dead? Is consumption where it's all at (Miller)? Are we entering a new urban civilization in which hybridity is the rule and the indigenous interesting primarily because it can be incorporated into a larger global celebratory machine, like world-music incorporates its various themes. It is necessary to step back, take it easy, look at the contours of the world we inhabit and investigate seriously the mechanisms that seem to be steering our history. What may appear as chaos, or as "disjuncture," is truly an appearance, the starting point and not the end point, of our attempt to grasp the nature of social reality.

I shall be suggesting that there is an order in all of these diverse processes, that they form part of a whole. The argument is as follows: First, the current globalization is not a mere evolutionary change in a steady linear development from smaller to larger systems, from the local to the global. On the contrary, globalization is a phase in global systems marked by the decline of one hegemony and the rise of a new one, a phase accompanied by a process of decentralization of capital accumulation in the larger arena, of increasing disorder and competition, of mass migration as well as ethnification or ethnic fragmentation. I suggest that this cyclical phenomenon may itself have been transformed by the technologically-based speed-up and time-space compression of the world-system which in turn may be transforming the world in the direction of a permanently globalized condition. Second, whether or not the world-system is being restructured in a more lasting way or not, there are a series of social and cultural processes that accompany periods of globalization. There is, in the former center, an increasing fragmentation of identities, the break-up of larger identity units, the emergence of cultural politics among indigenous, regional, immigrant and even national populations. This is not merely a question of the *re-emergence* of former identity units, but of a general process of indigenization that

may produce new and strange combinations. There is simultaneously an increasing class polarization, an impoverishment at the bottom of society and an enrichment at the top. New elites are formed and new upper class identities are forged. The latter are new cosmopolitan identities in which notions of hybridity, the encompassment of the world's cultures within the elite, appears to be a dominant motif—from media representations to New Age visions. That the two processes, vertical and horizontal, are real forces is illustrated by paradoxical absorption of indigenous movement elites into international circuits, locations where they begin to live very different lives. The discussion focuses on the articulation of these two processes and the way they are related to the dynamics of the world system.

ON GLOBALIZATION

The first appearance that strikes many of us today, is captured by the buzz-word "globalization," which is bandied about in business economics (where it really developed), to cultural studies and even anthropology. Some work on globalization is analytically and theoretically significant, but much more of it consists in simple opinions and reflections on the immediate. Cultural globalization thinking is based on a rather myopic view rooted in intellectual experience of the media, internet and travel. It correctly understands that the world has become smaller (but this is always relative: Braudel made speed of transport a key to his notion of world "systems", a theme also well developed among geographers, not least Harvey (1989), whose concept of "time-space compression" does enough to account for much of what globalization consciousness is all about). Robertson (who was one of the first to engage in these discussions) places globalization at the turn of the 20th century, although he has now pushed this back to the ancient world. He is primarily interested in consciousness of a larger world and the way in which people increasingly identify with a larger global unity, as well as the way the local expresses the global. The establishment of the League of Nations and many of our new global cults are examples of globalization, but so is the Meiji Restoration's importing of European concepts of governance. Cultural form moves and is adopted into increasingly larger places.

Of course, this has been going on for quite a long time. Even the conceptual apparatus of globalism is present in the universalism of the Enlightenment or the Ecumenism of the late Mediaeval Church, to say nothing of

Alexander the Great. So, the historical demarcation of globalization does not hold water since there is no historical disjuncture involved, or on the contrary, there may be innumerable such breaks. Robertson, at least, explores the ideological structures of globalization, although without any concrete research material to support his interpretations. In anthropology, globalization discourse is even more limited in historical and intellectual scope. It usually refers to a very recent period, the 70's perhaps and is closer to CNN in its intellectual breadth, the latter having been first with much of the jargon. Here it is used, very much following cultural studies arguments, to dislocate and deconstruct common notions of culture. The latter is no longer anchored in territory. Nor is anything else, according to Appadurai (1993). Instead we are all in movement, not just our migratory selves, but our meanings, our money and our products. And all of these various "scapes" seem to have taken on lives of their own, leading to a chaotic disjuncture. More pedestrian approaches, such as that of Hannerz (1996), make no clear statements, except that the world has suddenly become culturally hybridized because of the various movements of cultural things, including here, subjects. This is indeed a global vision of matter out of place. Mary Douglas should have seen it coming. But, it is also an enjoyable chaos of variable mixtures that has become an identity among certain intellectuals and non-intellectuals, and this is part of the reason why a larger perspective is needed. Globalizing intellectuals are significant actors in the world today, but they are quite different from indigenous movements. Kelly (1995) after citing Appadurai to the effect that, "we need to think ourselves beyond the nation" (1993:411), goes on to make his case against the indigenes:

Across the globe a romance is building for the defense of indigenes, first peoples, natives trampled by civilization, producing a sentimental politics as closely mixed with motifs of nature and ecology as with historical narratives...In Hawaii, the high water mark of this romance is a new indigenous nationalist movement, still mainly sound and fury, but gaining momentum in the 1990's....This essay is not about these kinds of blood politics. My primary focus here is not the sentimental island breezes of a Pacific romance, however much or little they shake up the local politics of blood, also crucial to rights for diaspora people, and to conditions of political possibility for global transnationalism (Kelly 1995:346).

This is an issue of class or elite position to which I shall return. As an introduction to the issue, it should merely be noted that globalizing cosmo-

INDIGENOUS STRUGGLES AND THE DISCREET CHARM OF THE BOURGEOISIE 395
 politan identity appears to be very much intertwined with the discourse of globalization, and that is not a scientific way to go about understanding the global.

Let us take a step backward here and ask a few questions. Has the world become globalized so recently? Is everything really different today? Are there no territorial practices or (god help me) "cultures" anymore? In much of the discourse, the answer is normative. There are plenty of nationalists and ethnics and indigenous radicals around, but they have got it all wrong! They haven't caught up with progress! And progress is globalization, the formation of a global village, and the village is really a world city. Oh what fun!... .but for whom?

There is another side to this, and another approach to the global as well. That approach is not, I would argue, so caught up in the categories that it posits, but maintains an old fashioned distance to them. First, globalization is not new at all, according to those who have actually researched the question. While there is much debate, there is also an emergent argument that the world is no more globalized today than it was at the turn of the century. Harvey (1989), who has done much to analyze the material bases of globalization, puts the information revolution in a continuum that includes a whole series of other technological time-space compressions. Hirst and Thompson (1996) go much further in trying to de-spectacularize the phenomenon.

Submarine telegraphy cables from the 1860's onwards connected inter-continental markets. They made possible day-to-day trading and price-making across thousands of miles, a far greater innovation than the advent of electronic trading today. Chicago and London, Melbourne and Manchester were linked in close to real time. Bond markets also became closely interconnected and large-scale international lending—both portfolio and direct investment—grew rapidly during this period. (Hirst 1996:3)

Foreign direct investment which was a minor phenomenon relevant to portfolio investment reached 9% of world output in 1913, a proportion that was not surpassed until the early 1990's (Bairoch and Kozul-Wright 1996: 10). Openness to foreign trade was not markedly different in 1993 than in 1913.

In the 1890's the British were very taken with all the new world products that were inundating their markets, cars, films, radio and x-rays and light-bulbs (Briggs and Snowman 1996).

As in the late 20th Century trade was booming, driven upwards by falling transport costs and by a flood of overseas investment. There was also migration on a vast scale from the Old World to the New. Indeed, in some respects the world economy was more integrated in the late 19th Century than it is today. The most important force in the convergence of the 19th Century economies ... was mass migration mainly to America. In the 1890's, which in fact was not the busiest decade, emigration rates from Ireland, Italy, Spain and Scandinavia were all above 40 per thousand. The flow of people out of Europe, 300,000 people a year in mid-century, reached 1 million a year after 1900. On top of that, many people moved within Europe. True, there are large migrations today, but not on this scale. (*Economist* Dec. 20 - Jan 2: 73)

This was a period of instability, to be sure, of enormous capital flows, like today. It was also a period of declining British hegemony and increasing British cultural expansion. Britain had no enemies as such, except those that it was helping to create by its own export of capital. On the basis of historical research, Arrighi argues that massive financial expansions have accompanied all the major hegemonic declines in the history of the European world-system.

To borrow an expression from Fernand Braudel (1984: 246)—the inspirer of the idea of systemic cycles of accumulation—these periods of intensifying competition, financial expansion and structural instability are nothing but the 'autumn' of a major capitalist development. It is the time when the leader of the preceding expansion of world trade reaps the fruits of its leadership by virtue of its commanding position over world-scale processes of capital accumulation. But it is also the time when that same leader is gradually displaced at the commanding heights of world capitalism by an emerging new leadership. (Arrighi 1997:2)

This kind of argument has been central for the kind of historical global systemic analysis that we have engaged since the mid 1970's. If our argument dovetails with Arrighi here, it is due to a certain equifinality of research results and not a mere theoretical similarity. In this model East Asia should be the next center of the world system, but, many are arguing today that what historically appears as a periodical globalization may be becoming a permanent state of affairs (Sassen 1997, Friedman 1996, 1997). As a result of speed up, the cycles of accumulation may have so decreased in periodicity as to make geographical shifts a mere short lived tendency rather than a process that can be fully realized. This should not detract from acknowledging the degree to which East Asia has grown to a dominant economic posi-

INDIGENOUS STRUGGLES AND THE DISCREET CHARM OF THE BOURGEOISIE 397
tion. It might even be argued that the current crisis is a result of precisely this regions rapid growth in a period of shrinking real world markets.

The purpose of starting with all of this is to set the stage for a perspective. Globalization has occurred previously. It does not necessarily indicate that we are entering a new era in evolutionary terms, and it is certainly structurally comprehensible in terms of what is known about the world system. Globalization is a structural phenomenon in the terms set out here. In economic terms, it refers primarily to the decentralization of capital accumulation. The unification of the world in technological terms is a process that is financed by decentralizing capital investment, not by some autonomous cultural or even technological process. And while it certainly generates a global perspective for those who travel along the upper edges of the system, there are other processes that are equally global in terms of their systematicity, but exceedingly local/national/ethnic/indigenous in terms of their constitution. This is the crux of the problem: the current situation is one which is producing both globalized and localized identities; in sociological terms both of these phenomena are local. Globalization is, in fact, a process of local transformation, the packing in of global events, products and frameworks into the local. It is not about de-localizing the local but about changing its content, not least in identity terms. A cosmopolitan is not primarily one who constantly travels the world, but one who identifies with it in opposition to his own locality. That is why so many working class border-crossers in the world are so blatantly innocent of such an identity. They are less interested in celebrating their border crossing than in avoiding precisely the borders which are so deadly dangerous in their lives. The true cosmopolitans are, as always, members of a privileged elite, and they are not so in objectively cultural terms, if such terms make any sense, but in terms of their practices of identity.

FRAGMENTATION AND INDIGENEITY

In global perspective, there is not that much disagreement today concerning the fact that the world is pervaded by a plethora of indigenous, immigrant, sexual and other cultural political strategies aimed at a kind of cultural liberation from the perceived homogenizing force of the state. In a certain perverted sense this is as true of the new elites as of the regional minorities, but in very different ways. The rise of indigenous movements

is part of this larger systemic process, which is not to say that it is a mere product in a mechanical deterministic sense. There are two very different but related aspects to this process. The social process consists in the disintegration of homogenizing processes that were the mainstays of the nation state. This has led to increasing conflicts about particular rights and of the rights of “particular” people, a real conflict between individual vs. collective rights and of the national vs. ethnic. Cultural politics in general is a politics of difference, a transformation of difference into claims on the public sphere, for recognition, for funds, for land. But the differences are themselves differentiated in important and interesting ways, not least in relation to extant structures of identification. Both regional and indigenous identities in nation states make claims based on aboriginality. These are claims on territory as such and they are based on a reversal of a situation that is defined as conquest. Roots here are localized in a particular landscape. There are important ambivalences here. All nationals can also be regionals and many nationals can identify as indigenes. All of this is a question of the practice of a particular kind of identity, an identity of rootedness, of genealogy as it relates to territory. It is in the very structure of the nation state that such identities are prior identities. No nation can logically precede the populations that it unified in its very constitution. This, of course, is a logical and not an empirical structure. There is no guarantee that the nation state did not itself generate regional identities. In fact much of the “Invention of Tradition”, tradition, consists in arguing precisely in such terms. Just as colonial governments created regional and state-to-be identities in Africa, so did nation states create regional minorities at home. What is overlooked in this intellectualist tradition is the way in which identities are actually constituted. The latter consist in linking a matrix of local identifications and experiences to a higher order category which then comes to function as a unifying symbol. The logic of territorial identity is segmentary. It moves in terms of increasing encompassment and it depends on a practice of creating of fields of security. It expresses a certain life-orientation, an intentionality, that cannot be waved away by intellectual flourishes.

The differential aspect of indigeneity is not a mere social struggle for recognition of difference. It is about the way difference must be construed and incarnated in real lives. There are extreme examples of this process that are expressive of the deep structures of the nation state. It has led the Afri-

kaners of South Africa to apply for membership in the World Council of Indigenous Peoples. One of the most spectacular is the formation referred to as the Washitaw nation. The Washitaw according to Dahl (1997) are a self-identified tribe, inhabiting the Louisiana, Mississippi, Oklahoma area. They are black and are affiliated with the extreme right “Republic of Texas”. They claim to be descended from West Africans who moved to America when the continents were still joined, i.e. before the Indians:

We are the aborigines—the dark-skinned, bushy-haired original inhabitants of ‘so-called’ north and south America (Muu, Afrumuurican).” Bey: 1996:4

They have an empress who claims not only land, but also an aristocratic descent for her tribe. Dahl shows that there are early references to Indians from the early 19th Century that indeed describe the Choctaw as somehow different than their neighbors, but it is not clear that they were black. On the other hand, there are Black Indian tribes in Surinam who are descendants of runaway slaves, and it is not unlikely that Blacks may have been adopted into the Indian tribes of the area. What is more important is the fact that there is a local identity that may well be one that resulted from historical relations between Blacks and Indians, but that it has been transformed into tribal identity in which the African is paramount and more indigenous (previous to) than the Indian. The structure of the identity is what is important here and its association with the Republic of Texas is significant. For such groups, the major enemy is the state, representative of the cosmopolitan and anti-popular, oppressor of real people, imperial and positively against the kind of aboriginal difference represented by the Washitaw and similar organizations. Their political aim is control over territory and governmental autonomy. They make their own license plates (as do certain Hawaiian groups) and refuse the entire tax system of the United States.

The structure that is constructed here is one whose logic is organized by the very structure of nationhood, a relation between cultural identity and territory opposed to the territorial state which is perceived as usurper and conqueror. This kind of a structure emerges in conditions in which the state is clearly not representative of the people involved. Such conditions are variable, not only in space, but in time as well. The logic linking peoplehood and indigeneity to the constitution of the nation state is the same logic as well as a structure of opposition. Kapferer, in his discussion of Singhalese and Australian forms of nationalism suggests that Australia, as a variant of the

modern nation state, is one based on an absolute distinction between nation and state. The people identify themselves as separate and subordinate to the state, which is perceived as a foreign body. Australia is exemplary in that it is the history of a country that was not just a colony, but a penal colony, peopled by the powerless and clearly not associated in an organic way with statehood, not any more than prisoners can be said to own the prison that they inhabit. Australia is pervaded by an ambivalence that is quite complex. The core of the country, the nation, is alienated from the state which it has tried to capture. Its relation to both territory and empire places it in a fragile position. If its primary identity is established in relation to its main country of origin as a penal colony, it is also, by definition, an immigrant country. It is alienated not only from the state, but even from Nature, associated with the savage and uncontrollable outback that can only be conquered but not adapted to or understood (Lattas 1997). Caught between and opposed to the state, the Aborigines, and new immigrants, this is a potentially volatile structure of identification that produces both primitivist and anti-primitivist ideologies. It may help account for a State organized multiculturalism whose policy expressed in *Creative Australia* is aimed at recreating a new national identity based on a notion of combined differences which are not weighted in any clear way, thus alienating both a significant core of Australians and the Aborigines as well. It might also help account for the particular racism directed against Aborigines and which places immigrants and Aborigines in the same category of threat-to-the-nation (Blainey 1995).

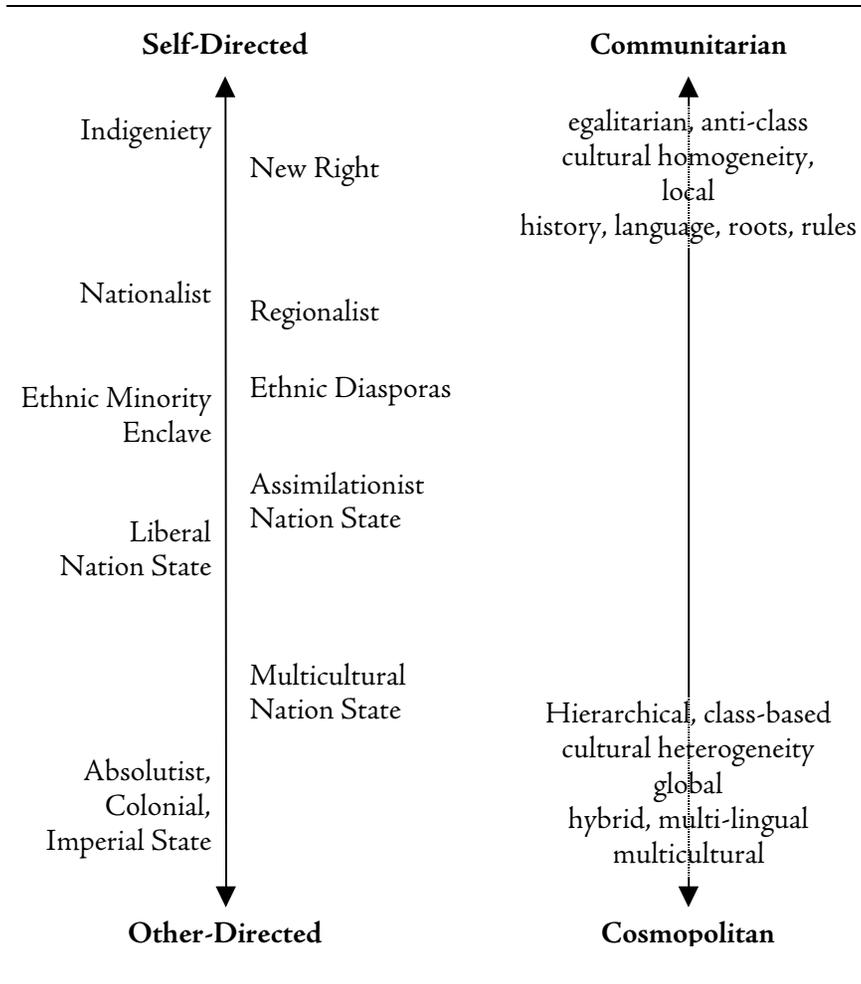
The other extreme is represented by “homogeneous” countries like Germany and even more so the Scandinavian countries, where peoplehood, nature and the state are fused, and in which the modern state can be said to have been captured by the people, at least until quite recently. Now of course this is a historical process as well. In Sweden, the patriarchal structure was not imbued with a strong notion of representativity until the working class movements transformed its patriarchal organization into an anti-state of sorts.¹ Where the early patriarchal structure was one in which the ruling class attempted to own the people, its capture inverted this rela-

¹ It should be noted, however, that the patriarchal state was strongly oriented to the “people” and to the formation of a national unity of an organic type based very much on the responsibility of the national elites toward the people.

tion. This is of course more complicated, since the state itself is essentially a representative governmental body and not a class. The real conflict relates to the control of the state as a political instrument. The social democratic state, the “peoples home” became a power in itself, just as Clastre’s anti-chief. The latter is the transparent instrument of peoplehood, but also an instrument of violent control and leveling. The Swedish state reorganized much of social and economic life in striving to create the ‘good society’ in the name of the people. This representativity was maintained until recently at the same time as state functions were defined actively as extensions of the will of the people. As Clastres and others also have pointed out, such a structure accords an enormous potential for the transformation of the state into an autonomous and self-directed organism. The practice of homogeneity in Sweden was successful largely because it resonated with local identities. The ruling class was in important respects, and excepting here the nobility, an outgrowth of the “people”. Indigeneity is only fragmenting when it is a separate identity within the state (as with the Saami). The indigenous as a general form of intentionality is about rooting. In certain conditions it produces alternative identities against the state, in other conditions it can produce extreme nationalism within the state. This accounts for the strange fact that the ideology of the New European Right is so similar to that of some indigenous movements. As a strategy it is more general than indigenous movements as such. Self-directedness is what makes such movements distinct. There is no logical way that national states and indigenous movements can co-exist without a change within the larger structure of the state itself, or by concluding compromises that simply accentuate the ambivalence in the situation. The articulation of indigeneity and the world system produces a whole set of new contradictions that are becoming salient in the current situation.

This simplified continuum is a continuum of positions in the global system as well as a continuum of logical variation. It is not a static or general typology but refers to an organization of identification that can itself change over time. The globalized identities of today are those that have stressed the superiority of hybridity and then of multiculturalism which, from their point of view, is an encompassing of difference, that depends on “being above it all”. But such positions are only possible with reference to the nation state itself. They are those who define themselves as going beyond the nation

Figure 1:
Continuum of Identities



state and who declare that the latter is a dying or dead institution and even blame it for the major ills of the world, usually summed up in the word, “essentialism”. But this is merely one position in a spectrum of possibilities that I cannot explore here. At the other end of the spectrum is indigeniety itself. The relation between national elites and the nationalist position is highly ambivalent insofar as it is ideologically egalitarian at the same time that it is hierarchical in practice.

I suggested that the major operator in this continuum is the dynamics of class formation in the global system. Globalizers are those who identify with the top of the system while localizers tend to identify with the bottom. There is more to this, however, than mere identity politics.

GLOBAL PROCESS AND THE UNIFICATION OF FRAGMENTS UNDER CAPITALISM: THE NEW CLASSES

In a recent and very important thesis, Elizabeth Mary Rata has described what she refers to as the emergence of tribal capitalism in New Zealand. Her hypothesis is that a new class has emerged, a post industrial class, whose wealth and power are based in the new sectors of economic development, the media, Internet and other software sectors, and the professions surrounding these sectors. This class is the bearer of a new ideology, one that, must at first oppose itself to old capitalist elites. This class occupies an ambivalent position, a combination of particular elite status and a universalistic ideology of equality used in the struggle against the old hegemonic class. This leads to the emergence out of a guilt complex typical for this class position of a bi-cultural ideology for New Zealand. The idea that “we” are all both White and Maori, “we” are special, is notable insofar as it captures the notion of hybridity that is common in other elite ideologies, ie. Australia, Canada and now increasingly among a certain similar cultural elite in the United States (not least academics). This is the global-orientation that I described above in relation to the establishment of globalization as an ideology. She traces the way in which this class ideology articulated with the strengthening of Maori identity via the establishment of a separate cultural project, language schools a national cultural revival and then land rights and access to capital on established tribal lands. This is a movement from cultural identity to tribal property. The Waitangi Amendment Act established the tribes as corporate political and economic entities and the later Maori Fisheries Commission became the means of transfer of property rights and funds for the establishment of fishing enterprises. The effects of juridification were increasing potential conflicts within the tribes as people struggled to define their genealogical rights to means of production. The issue of exclusion vs. inclusion with respect to such rights is an expression of the tendency to class division among the Maori, a theme which appears throughout the rest of the thesis. It is interesting to compare the Maori to

peoples such as the Sami in which access to Reindeer and herding territories is a basis of privilege that severely divides the population, although the colonial history is somewhat different in these two cases. The combination of tribal organization and capital accumulation and transfers is important in understanding the way a local movement can become reorganized into the global system. The class structure that seems to be emergent is one in which those who control capital within the tribes introduce wage labor among lower ranked kin tending turning them into a subordinate class if these relations are reproduced. The second class division emerges between those with and without access to tribal property, more than half of the Maori who still inhabit urban ghettos. Rata makes use of Marxism and especially Regulation Theory to develop her thesis that there is a new form of accumulation emerging here, the "tribal capitalist mode".

There is a third process which Rata touches on as well, the formation of a Maori middle class based on the control over specialized knowledge in the matrix linking the new National cultural class, referred to above, the cultural apparatuses of the state and the reconstruction of Maori society. These are intellectuals who played and continue to play key roles in the Maori movement, but also function as consultants to both tribes and government, as mediators and teachers. It is, of course, to be expected that intelligentsia should emerge within such movements and that they should become increasingly established as the movements become institutionalized. They are, after all, the focal points for political unity and often political action as well, pivots in the competition for funding and rights. It would be a sign of incomprehension, not untypical of anthropologists, to critique such developments on the grounds that they deviate from the anthropologist's conception of traditional culture. Even the class aspect of this development is quite logical in terms of the process of integration itself. On the other hand, such divisions are bound to be sources of potential conflict within the emerging larger political community.

But there is more to this development that has everything to do with the state of global capitalism today. This is related to the extreme decentralization of capital accumulation and the spectacular shift from real investment to fictitious accumulation. Sassen estimates that there are at least 75 trillion dollars in financial circulation. Since the 80's, financial assets have grown 2.5 times faster than the gross domestic product of the richest nations, and it is

continuing to grow logarithmically in this period of real overproduction, as evidenced by the Asian crisis. Much of this money is transferred in the form of pork barrels to firms dealing with all kinds of non-productive activity, not least among the so-called consultancies and NGO's that have developed explosively in the past decade. There are of course many NGO's that are engaged in productive activities or in genuinely effective activities related to the survival of indigenous peoples, but there is no hindrance to massive development of carpetbaggers and treasure hunters. One of these is the recent history of an organization calling itself UHAELE, which came to the Office of Hawaiian Affairs with an offer to help them organize the approaching Hawaiian sovereignty for a sizable fee. A contract was almost consummated but was suddenly exposed in the media and the whole affair was called off in a throttle of scandalous accusations concerning who had signed the agreement with the firm. The same organization had some earlier dealings in Vanuatu where, after signing a lease for an offshore island, proceeded to advertise the place as a tax haven for people of superior intelligence and sold shares in the island that was soon to be declared the independent country of Aurora. Nevels and his family were to be the royalty of this constitutional monarchy.

It is intended to create an independent country called AURORA, with minimal government, maximum personal freedom and a laissez-faire economy....It is intended that the population of Aurora will be very cosmopolitan; admission as first citizens will be based upon needed skills, professions and talents and belief in the political and economic principles upon which the country is founded. Men and women of numerous races, of varied religions, will be invited to apply. (Nevels n.d. 1)

Needless to say, the independence never materialized. Vanuatu stopped it with military threats. Nevels disappeared and his investors lost their money. Nevels is a lawyer and when Uhaele surfaced, its home base was Reno, Nevada (of course). The group entered into elaborate negotiations with OHA which was scheduled to receive several hundred million dollars as reparations from the federal government and other funds from the State government. These entailed ultimately that Uhaele would by and large control the administration of OHA's economy in exchange for 20% of the net proceeds. Now as Uhaele had no capital, no employees, no equipment, to say the least, this was clearly a gold mine for them, their talent in exchange for a piece of the action.

Uhaele was a letterhead and a telephone. (*Ke Kia'i* 1991: 8)

The world is replete with firms like this, on the hunt after the masses of financial wealth that is circulating into “good causes”, whether at the national or international level. In all of this there is always a tendency to class formation, however little this may be manifested. It has certainly led to the formation of global elite representatives of various groups who are immediately implicated in a field of tension, between their very rooted places of origin and the inordinate power of global funds to incorporate them into the global cocktail circuit. The United Nations and a host of other mega-organizations have been gathering places for the formation of global identities, places, as well, for the destruction of local accountability. The vitality of certain indigenous movements is measurable by the degree to which indigenous peoples manage to capture or replace their representatives in such situations. But this is truly a field of contradictory forces. The process of fragmentation via a indigenization is subject to processes of social *verticalization* that is related to the institutions and funds that circulate in this period of globalization of capital.

VERTICALIZATION, FRAGMENTATION AND THE SOCIAL TRANSFORMATION OF THE GLOBAL SYSTEM

Verticalization, or class polarization, is a vector of the global system, and it effects all the forms of fragmentation that represent the other major vector in the system. Ethnification and class formation are the paired processes that characterize this simultaneous development. The transformation of the nation state into a modern form of the Absolutist state is an expression of the same process. The increase in clientelism in European States, and between the states and regions, and the Union, is part of the disintegration of the homogeneous nation state. The notion of a Europe based on regions rather than states is part of this and would transfer power to Brussels while undermining the relation between states and their subregions. Thus, the notion pushed by some of the cultural globalists, that we have somehow moved beyond the obsolete nation state and are entering a new world of the post-national, is a misconstrual of a more complex situation. While it is true that global capital exercises increasing power over national conditions of reproduction, this does not spell the end of the nation state as such, but its transformation, from a homogeneous entity in which common goals link

the “people” and their state, to a separation of the state from the nation. The state itself, according to ongoing research is becoming increasingly oriented to international capital flows, to the regulation of such flows as they relate to conditions of maintenance of territorial economic units. The recent Asian crisis has made this resoundingly evident. George Soros apparently lost over 100 million dollars in Asia, and he has, more generally, clamored for increasing international controls over financial flows.

Although I have made a fortune in the financial markets, I now fear that untrammelled intensification of laissez-faire capitalism and the spread of market values to all areas of life is endangering our open and democratic society. The main enemy of the open society, I believe, is no longer the communist but the capitalist threat....Too much competition and too little cooperation can cause intolerable inequities and instability....The doctrine of laissez-faire capitalism holds that the common good is best served by the uninhibited pursuit of self-interest. Unless it is tempered by the recognition of a common interest that ought to take precedence over particular interests, our present system... is liable to break down. (Soros 1997: 45, 48)

This expresses a desire, at present being implemented by many states, for a stronger regulation of the conditions of equilibrium in the world market. Work by Sassen indicates that Nation State functions are increasingly shifting from national to international issues. This is what might be called a lift-off of the State. In Europe it is related in its turn to the emerging relation between nation states and the European Union. European governmental organs are not tied to constituencies as are national organs. They have experienced problems of corruption, in uncontrolled use of power, in inordinately high remunerations for their members, but this is also reflected in the many credit card crises at the national level: there is a general accountability crisis in the nation state which is expressed in declining respect for politicians who are considered increasingly to be a class with their own interests. Politicians, on the other hand, have in various ways, expressed their distaste for ordinary people whom they often accuse for being red-necked and nationalist. That this can occur in a country like Sweden is ample evidence of the forces involved. Carl Bildt, European Bosnia negotiator and leader of the Conservative party, has written that a European government is the ultimate solution for the continent, and that it could well take on a form reminiscent of the Hapsburg Empire. Similar statements have come from social democrats and others. Sweden, which is officially multicultural, has, in a

government bill, stated categorically that Sweden no longer has a common history since there are so many different immigrant groups present on Swedish soil (where does that put the United States or Canada?). The bill goes on to formulate a new structure for the state that moves clearly in the direction of a plural society, based on the association of different cultural groups. There are tendencies in the media elite and in the state to classify any opposition to this planned transformation as racism. The overall impact of the transformation of the global system is one that places the state in a new kind of vortex of global forces, one where it becomes a focal point for an association of different groups rather than the representative of what one comedian has called "that special interest group, the people". This structural tendency is one in which the political class and the other cultural elite class factions identify increasingly with the global, in which, as has been said of the American situation,

They have more in common with their counterparts in Brussels or Hong Kong than with the masses of Americans not yet plugged into the network of global communications." (Lasch 1995: 35)

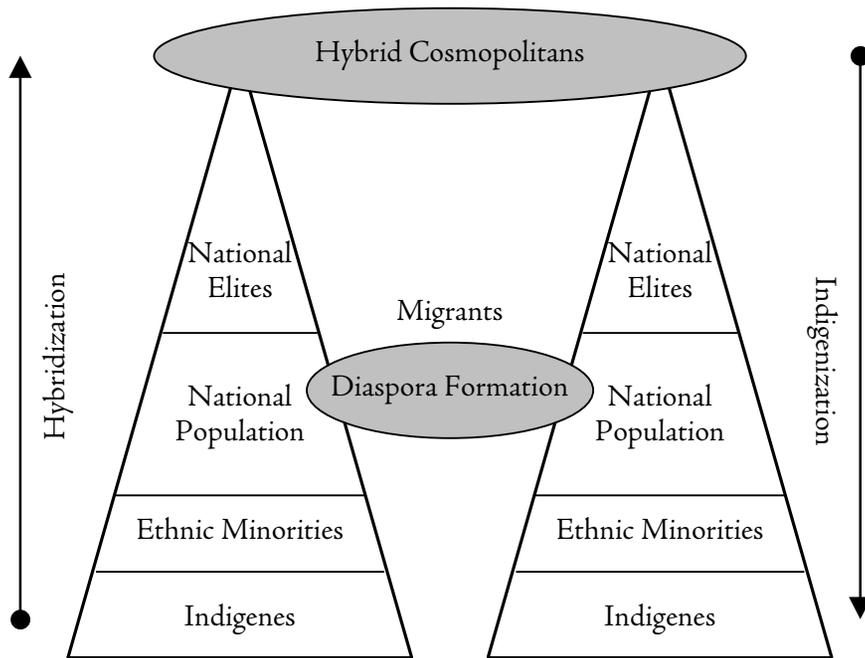
Now the state, transformed in this way, becomes the focal point of certain distributions of favors, funds and positions to an increasingly fragmented nation state. The clientelism to which I referred above is very much the product of this transformation. Regional, immigrant and indigenous minorities all become subject to this changing field of forces. The field tends to create new elites that move within the global sphere, ranked lower than the real big-shots, since they are clients to the real sources of power and money. They may have global spheres of their own, like the W.C.I.P and they sometimes mingle with higher ranked elites, but they are primarily local clients in the global mesh of neo-feudal dependencies.

Indigeneity is not about concrete indigenous groups as such. It is about a process of identification in the contemporary global arena that is a powerful expression of the transformation of the global system. The process of ethnic fragmentation that it entails is certainly a global phenomenon, located specifically in the declining imperial centers and in the declining peripheral zones of those centers. Fragmentation is particularly salient in the downwardly mobile segments of the system. It is not a mere cultural issue, but a deeply troubling social issue as well. The identities that result are not merely ethnic, but may be territorial as well, and they are critical aspects

of the new turf wars in the cities and the ethnic wars in both Europe, and in Africa. In the same way, cosmopolitanization produces a particular set of identifications that include hybridity; the global gathering of world cultures and traditional "holisms" into the higher identity of the cosmopolitan. This encompassment is part of a social distantiation, a vertical differentiation based on cultural distinctiveness. It expresses culturally the vertical polarization in the larger system. That such processes can appropriate the elites of indigenizing populations is evidence of the contradictory forces at work in the world system today.

The rise of indigenous movements was part of a general process of transformation in the world system, one in which the weakening of the Western nation state took the form of the rise of cultural politics. This was, as suggested, at the start, part of a common decline in hegemony which was also expressed in a rapid increase in economic globalization. Whether this is a temporary or permanent change cannot be determined here because the general periodicity of accumulation has increased, because globalization has become more rapid, cheaper and increasingly institutionalized. It has, in any case, produced major transformations of class relations; the emergence of a new cosmopolitan elite or congeries of elites that have been sucked into the globalization process and who are the producers of globalizing representations of the world, understandings that challenge the very existence of the nation state and proclaim a new post-national era at the same time as fragmentation and cultural conflict are more pervasive than ever at lower levels of the system. The articulation of verticalizing and fragmenting process produces the paradox of class division at all levels, including movements that begin in urban ghettos. It is important to take these contradictions into account when trying to understand the trajectory of indigeneity in today's world.

Figure 2: Cosmopolitanization and indigenization in the contemporary global system



REFERENCES

- Appadurai, A. 1993. "Patriotism and its Futures" *Public Culture*. 5,3: 411-29.
- Arrighi, G. 1997. "Globalization, state sovereignty, and the 'endless' accumulation of capital" ms
- Bairoch, Paul and R. Kozul-Wright. 1996. "Globalization Myths: Some Historical Reflections on Integration, Industrialization and Growth in the World Economy." *UNCTAD Discussion Paper # 113*
- Bey, Umaralli Shabazz. 1996. "We are the Washitaw: Columbia via USA." The Washitaw Nation. *Unpublished brochure*.
- Blainey, G. 1995. "The new racism." *The Australian*. 8 April.
- Braudel, Fernand. 1984. *The Perspective of the World*. New York: Harper and Row.
- Briggs, A. and Snowman, D. 1996. *Fins de Siecle: How Centuries End, 1400-2000*. New Haven: Yale University Press.
- Dahl, G. 1997. "God Save our country: radical localism in the American heartland." *Unpublished manuscript*.

Economist. 1997. "The century the earth stood still". 71-73, Vol. 346.

Friedman, J. 1998a "The hybridization of roots and the abhorrence of the bush" in M. Featherstone and S. Lash (eds) *Spaces of Culture: City, Nation, World*. London: Sage.

_____. 1998b "Class formation, hybridity and ethnification in declining global hegemonies" in K. Olds, P. Dickin, P. Kelly, L. Kong, and H. Yeung (eds) *Globalisation and the Asia Pacific*. London: Routledge.

Hannerz, Ulf. 1996. *Transnational connections : culture, people, places*. London:Routledge

Harvey, David. 1989. *The Condition of Postmodernity*. Cambridge: Blackwell.

Hirst, P. 1996. "Global Market and the Possibilities of Governance." Paper presented at the Conference on Globalization and the New Inequality, University of Utrecht, November 20-22.

Hirst, P. and Thompson, G. 1996. *Globalization in Question*. Cambridge: Polity

Ke Kia'i. 1991. "The odd couple: Uhae and OHA" in Ke Kia'i, *The Guardian*. Volume 2, 9.

Kelly, J. 1995. "Diaspora and World War, Blood and Nation in Fiji and Hawai'i" *Public Culture* 7 475-497.

Lasch, C. 1995. *The Revolt of the Elites*. New York: Norton.

Nevels, L.N.N.d. *The Aurora Corporation*.

Rata, E.M. 1997. "Global Capitalism and the revival of ethnic traditionalism in New Zealand: The emergence of Tribal-Capitalism." Ph.D. thesis, University of Auckland.

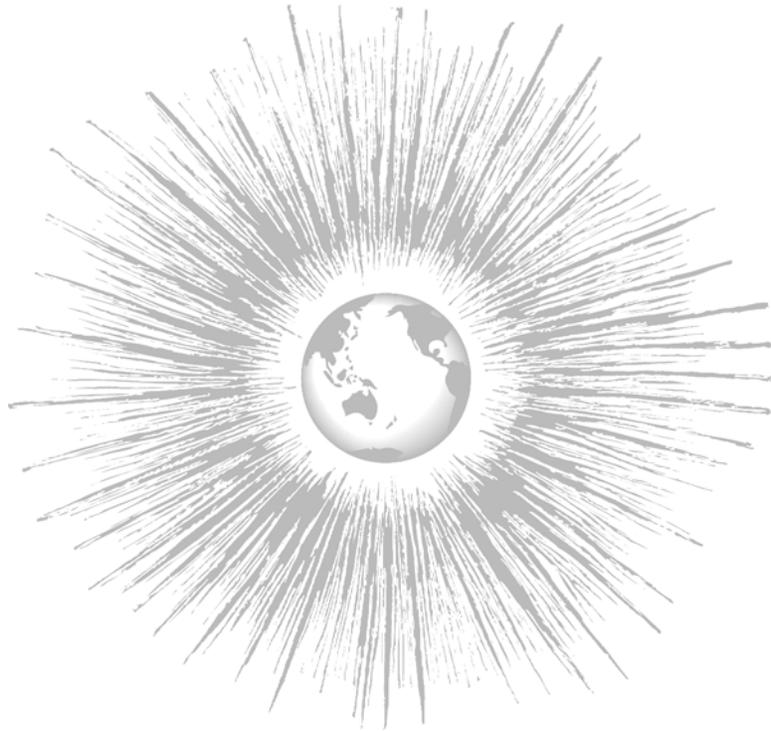
Robertson, R. 1992. "Globalization" in Featherstone, Lasch and Robertson (eds), *Global Modernities*, London: Sage.

Sassen, S. 1997. "Territory and territoriality in the global economy." MS.

Soros, George. 1997. "The Capitalist Threat." *The Atlantic Monthly*, 279:2, 45-58.

GLOBAL ECONOMIC CRISIS: A VIEW FROM SOUTH AFRICA

Patrick Bond¹



I. INTRODUCTION: PRETORIA V. WASHINGTON?

Any analysis of the erratic unfolding of global economic crisis is bound to be hotly contested. This is particularly so in mid-1999, amid claims from Washington that the past two years' dangers of financial meltdown and deflation were averted and finally extinguished through a combination of policy measures and good fortune: slightly looser Federal Reserve monetary policy adopted in September 1998, in the immediate wake of the successful public-private bailout of the Long Term Capital Management hedge fund; a new \$90 billion International Monetary Fund (IMF) insurance scheme announced the following month; the convening of key countries in a Forum on Financial Stability; the lack of financial contagion (contrary to expectations) in the wake of Brazil's January 1999 currency meltdown; the long-awaited revival (however infirm) of the Japanese economy; new plans for somewhat more transparent budgetary and exchange rate systems in emerging markets; and a decision at the G-8 Cologne meeting in June 1999 to sell 10% of the IMF's gold to fund partial debt relief for the poorest Third World countries. Indeed many observers were surprised at IMF Managing Director Michel Camdessus's success at turning the debt relief strategy into a vehicle for tougher "Enhanced Structural Adjustment Facility" conditions, just months after the IMF was criticised to the point of ridicule for its East Asian, Russian and Brazilian mishaps (effectively, granting \$200 billion in bad loans over 15 months, in exchange for the application of inappropriate austerity measures). To add insult to injury, an IMF plan to unite foreign bankers so as to avoid fracturing their power in forthcoming bankruptcy negotiations with sovereign states was unveiled to a select group on March 1, 1999, when Camdessus spoke—behind-the-scenes to an Institute of International Bankers meeting in Washington—of the parallel need for

“creditor councils” which discipline “individual ‘dissident’ creditors” who catalyse “panic-stricken asset-destructive episodes” through too-zealous foreclosure actions.²

But, looking ahead from mid-1999, how convincing and durable are the multiple reassertions of financial power? Paired with an uneasy US geopolitical hegemony (in the wake of the superficially-successful NATO air war against Serbia) but considering the awesome overhangs in the US economy (trade and debt imbalances, consumer borrowing, stock market overvaluation, etc.), is it worth taking seriously the confidence regularly expressed in capitalism’s flexible capacity to resolve perpetual crisis tendencies? In this context, too, what array of forces are now working systemically and anti-systemically, and what is the likelihood of their success? Given the particularly virulent ways in which the crisis erupted in Mexico (early 1995), South Africa (early 1996 and mid-1998), Southeast Asia (1997-98), South Korea (early 1998), Russia (periodic but especially mid-1998) and Brazil and Ecuador (early 1999), are such semiperipheral sites good reflections of contradictions, contemporary social struggles, and potential resolutions?

To answer these questions requires thinking through a classic problem in world-systems analysis, the politics of scale. But to do so from a position of analytic strength, requires establishing a foundation for why deep-seated economic problems typically bubble up, in a spectacular, geographically uneven manner, into the world financial system every six or seven decades (Section 2); considering the array of different ideological and material positions in relation to the crisis, in particular five emerging reactions from different ideological camps (Section 3); and drawing strategic considerations from the structural analysis, while working through dilemmas now facing progressive social movements (and their strategists) over prospects for reforming global-scale institutions (Section 4).

There are many political economists, especially drawing from the world-systems perspective, who consider with interest how capitalist processes play out in semiperipheral sites of either aggressive surplus value extraction or heightened socio-economic contradictions (including legitimisation crises). This essay is located within debates in South Africa that are, perhaps surprisingly, relatively high on the agenda of ruling African National Congress (ANC) political elites. For if Nelson Mandela’s first democratic South African government (1994-99) suffered, for example, at least half a million lost

formal-sector jobs because it followed “sound” economic advice (proffered in part by Washington bureaucrats and promoted vigorously by financiers from New York, London, Zurich and Johannesburg),³ nevertheless, ANC leaders could by October 1998 openly state the obvious (in a paper issued alongside the SA Communist Party and Congress of South African Trade Unions—known collectively as the “Alliance”):

As the depth and relative durability of the crisis have become apparent, the dominant economic paradigm (the neoliberal “Washington Consensus”) has fallen into increasing disrepute...The dominant assumption in the 1990s has been that alignment with globalisation would guarantee economies more or less uninterrupted growth. The paradigm of an endlessly expanding global freeway, in which, to benefit, individual (and particularly developing) economies simply had to take the standard macroeconomic on-ramp (liberalisation, privatisation, deregulation, flexibility and a 3 per cent budget deficit) is now in crisis.⁴

In another paper written by the oft-feted ANC Finance Minister, Trevor Manuel, presented at roughly the same time, a similar apparent break from orthodoxy was signaled:

It is interesting that at times like this Mr. Keynes is again resurrected. There is a recognition that the standard prescription for macroeconomic stability and growth has not worked for everyone...As we attempt to find solutions a number of common themes are emerging: the need for capital regulation, improved supervision, greater transparency, reform of the Bretton Woods institutions, the need to shift away from the “Washington Consensus,” to name a few.⁵

Also in October 1998, the leading ANC intellectual, Joel Netshitenzhe, complained bitterly in an official ANC discussion document—“The State, Property Relations and Social Transformation”—that South Africa was not attracting the foreign investment anticipated to correspond with the requisite “sound” economic policies.

If in the past the bourgeois state blatantly represented the interests of private capital, today its enslavement is even the more pronounced, with its policies and actions beholden to the whims of owners of stupendously large amounts of capital which is in constant flight across stocks, currencies and state boundaries. More often than not, governments even in the most advanced countries assert their role in the economy merely by “sending signals to the markets,” which they can only second-guess. If in the past, the Bretton Woods Institutions (the IMF and World Bank) and the World Trade Organisation pursued

the same interests as these powerful corporations and governments, today their prescriptions are turned on their heads as “the animal spirits” sway moods in a set of motions that have no apparent rhythm or logic.

Yet there is rhythm and logic. It is the logic of unbridled pursuit of profit which has little direct bearing to production ...

What this in fact means is that, in terms of the broad array of economic and social policy, information and even political integrity, the state has lost much of its national sovereignty. This applies more so to developing countries. While on the one hand they are called upon to starve and prettify themselves to compete on the “catwalk” of attracting limited amounts of foreign direct investment, they are on the other hand reduced to bulimia by the vagaries of an extremely impetuous and whimsical market suitor!⁶

Frustration had clearly built up into an unprecedented rage against globalisation. The single most devastating evidence of how Washington (the US capital, in this case, not the Bretton Woods Institutions) favoured impetuous, whimsical market suitors in their unbridled pursuit of profit was the 1998-99 “full-court press” (as the State Department described its advocacy work) against South Africa for a 1997 Medicines Act that allowed the state to seek the cheapest world price for drugs (especially anti-virals to combat the country’s debilitating AIDS crisis) through both “parallel importing” (a practice common in European Union pharmaceutical retailing) and “compulsory drugs licensing”—granting local producers rights to make copies of patented drugs without the approval of the patent holder (permissible in health emergencies under international law)—if they follow safeguards and pay a royalty to the patent owner.⁷ In several meetings, US Vice President Al Gore twisted Thabo Mbeki’s arm to withdraw the “offending language” in the Act.

But even if (as of mid-1999) Mbeki resisted pharmaceuticals-imperialism (and if his health officials spoke out strongly in the World Health Organisation against drug profiteering), South African government economic managers would still religiously maintain the two most important financial “fundamentals”—low inflation and a declining government budget deficit/GDP ratio—against quite sustained intra-Alliance pressure.⁸ There was no hint that Mbeki’s government would turn from the Washington Consensus until there was a more profound shift in the balance of forces,

a matter we must take up again later, while locating the ANC within the broader Third World nationalist resurrection of 1997-99.

However, amidst the increasingly hot rhetoric, the most striking aspect of Alliance intellectuals’ enquiry into these matters was, without doubt, their recourse to Marxian crisis theory, so it is to analysis of “overaccumulation” tendencies that we turn next.

2. OVERACCUMULATION CRISIS

How deep are the roots of the current economic problems? Are reforms to the “financial architecture” sufficient, or are the cracks right down in the very foundations of the system? Simply because the rhetorical devices deployed here are exceptionally unusual coming from this particular political tradition, consider the ANC-led Alliance answer in October 1998:

The present crisis is, in fact, a global capitalist crisis, rooted in a classical crisis of overaccumulation and declining profitability. Declining profitability has been a general feature of the most developed economies over the last 25 years. It is precisely declining profitability in the most advanced economies that has spurred the last quarter of a century of intensified globalisation. These trends have resulted in the greatly increased dominance (and exponential growth in the sheer quantity) of speculative finance capital, ranging uncontrolled over the globe in pursuit of higher returns...⁹

Tellingly, such analysis—inspired by the May-June 1998 *New Left Review* survey of the world economy by University of California historian Robert Brenner¹⁰—was also endorsed in a March 1999 paper by the general secretary of the Korean Confederation of Trade Unions, Koh Young-joo:

The intensification of the fantastic and imperialistic neoliberal offensive and the economic crisis is the dual expression of one entity: the overaccumulation (overproduction) of capital since the 1970s. The global economy is characterised by overproduction and a decline in the rate of profit. Efforts of capital are concentrated on increasing the rate of profit, leading to greater monopolisation. And the global monopolies and their metropolises are intent on driving out state intervention in the process of reproduction. This is what is undertaken under the name of “deregulation.”

Furthermore, the decline in the rate of profit due to overproduction has meant that capital can no longer find sufficiently profitable areas for investment in production or distribution. This has forced capital to turn to speculation. The birth of mammoth speculative capital, fostered by the changes in global financial practices, has transformed the system into a “casino capitalism.”¹¹

The semiperipheral turn to a marxian phraseology may not be unusual in historical perspective, but it is—as noted below—simultaneously jarring and refreshing given the reality of recent power relations. Nevertheless, the core line of argument is simple enough. As world-systems scholars have shown, the pattern of overaccumulation crisis, rising financial speculation and intensifying uneven development is grounded in empirical reality, and harks back, historically, to previous epochs. Illustrating the danger involved, historically, at least one third of all nation-states (not to mention corporations and consumers) fell into effective default during the 1820s, 1870s, 1930s and 1980s-90s, following an unsustainable upswing of borrowing in the context of the crises of 1825-45, 1872-92, 1929-48, and 1973-present.¹² There are both global and national-scale manifestations of overaccumulation and financial crisis, though these play themselves out in terribly uneven ways, especially in the semiperiphery.¹³

How do we understand this problem, and in particular the question of why capital tends, as the Alliance put it, to overaccumulate?¹⁴ A brief theoretical review may be in order in this section, so as to make the case that “reform” of global financial processes may not be sufficient.

To go back to basics, capital accumulation refers to the generation of wealth in the form of “capital.” It is capital because it is employed by capitalists not to produce with specific social *uses* in mind, but instead to produce *commodities* for the purpose of *exchange*, for profit, and hence for the self-expansion of capital. Such an emphasis by individual capitalists on continually expanding the “exchange-value” of output, with secondary concern for the social and physical limits of expansion (size of the market, environmental, political and labour problems, etc.), gives rise to enormous contradictions. These are built into the very laws of motion of the system.

Perhaps the most serious of capitalist self-contradictions, most thoroughly embedded within the capital accumulation process, is the general tendency towards an increased capital-labour ratio in production—more machines in relation to workers—which is fuelled by the combination of technological change and intercapitalist competition, and made possible by the concentration and centralisation of capital. Individual capitalists cannot afford to fall behind the industry norm, technologically, without risking their price or quality competitiveness such that their products are not sold. This situation creates a continual drive in capitalist firms towards the intro-

duction of state-of-the-art production processes, especially labour-saving machinery. With intensified automation, the rate of profit tends to fall, and the reasons for this are worth reviewing. Profit correlates to “surplus value” which is only actually generated through the exploitation of labour in production.

Why is labour only paid a certain proportion of the value produced, with a surplus going to capital? Since capitalists cannot “cheat in exchange”—buy other inputs, especially machines that make other machines, from each other at a cost less than their value—the increases in value that are the prerequisite for production and exchange of commodities must emanate from workers. This simply means, in class terms, that capitalists do not and cannot systematically exploit other capitalists but they can systematically exploit workers. Here arises the central contradiction: with automation, the labour input becomes an ever-smaller component of the total inputs into production. And as the labour content diminishes, so too do the opportunities for exploitation, for surplus value extraction and for profits.

Given intensifying intercapitalist competition for profits—the basis of the Brenner thesis about the ongoing *overaccumulation/falling-profits* crisis—this situation exacerbates what becomes a self-perpetuating vicious spiral. Workers (as a whole) are increasingly unable to buy the results of their increased production. In turn this results in a still greater need for individual capitalists to cut costs. A given firm’s excess profits are but only temporarily achieved through the productivity gains which automation typically provides, since every capitalist in a particular industry or branch of production is compelled to adopt state-of-the-art technologies just to maintain competitiveness. This leads to growth in productive capacity far beyond an expansion in what consumer markets can bear. (It is true that there are countervailing tendencies to this process, such as an increase in the turnover time of capital, automation, and work speed-up, as well as expansion of the credit system. But these rarely overwhelm the underlying dynamic for long, and there are limits to the height of the consumer debt pyramid.) The inexorable consequence, a continuously worsening problem under capitalism, is termed the overaccumulation of capital. Overaccumulation refers, simply, to a situation in which excessive investment has occurred and hence goods cannot be brought to market profitably, leaving capital to pile up in sectoral bottlenecks or speculative outlets without being put back into new

productive investment. Other symptoms include unused plant and equipment; huge gluts of unsold commodities; an unusually large number of unemployed workers; and the inordinate rise of financial markets. When an economy reaches a decisive stage of overaccumulation, then it becomes difficult to bring together all these resources in a profitable way to meet social needs.

How does the system respond? There are many ways to move an overaccumulation crisis around through time and space. But the only real “solution” to overaccumulation—the only response to the crisis capable of reestablishing the conditions for a new round of accumulation—is widespread *devaluation*. Devaluation entails the scrapping of the economic deadwood, which takes forms as diverse as depressions, banking crashes, inflation, plant shut-downs, and, as Schumpeter called it, the sometimes “creative destruction” of physical and human capital (though sometimes the uncreative solution of war). The process of devaluation happens continuously, as outmoded machines and superfluous workers are made redundant, as waste (including state expenditure on armaments) becomes an acceptable form of mopping up overaccumulation, and as inflation eats away at buying power. This continual, incremental devaluation does not, however, mean capitalism has learned to equilibrate, thus avoiding more serious, system-threatening crises. Devaluation of a fully cathartic nature (of which the last Great Depression and World War are spectacular examples) is periodically required to destroy sufficient economic deadwood to permit a new process of accumulation to begin.

When overaccumulation becomes widespread, extreme forms of devaluation are invariably resisted (or deflected) by whatever local, regional, national or international alliances exist or are formed in specific areas under pressure. Hence overaccumulation has very important geographical and geopolitical implications in the uneven development of capitalism, as attempts are made to transfer the costs and burden of devaluation to different regions and nations or to push overaccumulated capital into the buildings (especially commercial real estate), infrastructure and other features of the “built environment” as a last-ditch speculative venture. Moreover, the implications of overaccumulation for balance in different sectors of the economy—between branches of production (mining, agriculture, manufacturing, finance, etc.), between consumers and producers, and between capital goods (the means

of production) and consumer goods (whether luxuries or necessities)—can become ominous. Indeed, because the rhythm of overaccumulation varies across the economy, severe imbalances between the different sectors and “departments” of production (sometimes termed “disproportionalities” or “disarticulations”) emerge and introduce threatening bottlenecks in the production and realisation of value, which further exacerbate the crisis.

These processes enhance the control and speculative functions of finance. The argument, simply, is that as overaccumulation begins to set in, as structural bottlenecks emerge, and as profit rates fall in the productive sectors of an economy, *capitalists begin to shift their investable funds out of reinvestment in plant, equipment and labour power, and instead seek refuge in financial assets*. To fulfil their new role as not only store of value but as investment outlet for overaccumulated capital, those financial assets must be increasingly capable of generating their own self-expansion, and also be protected (at least temporarily) against devaluation in the form of both financial crashes and inflation. Such emerging needs mean that financiers, who are after all competing against other profit-seeking capitalists for resources, induce a shift in the function of finance away from merely accommodating the circulation of capital through production, and increasingly towards both speculative and control functions. The speculative function attracts further flows of productive capital, and the control function expands to ensure the protection and the reproduction of financial markets. Where inflation may be a threat, the control functions of finance often result in high real interest rates and a reduction in the value of labour-power (and hence lower effective demand). Where bankruptcies threaten to spread as a result of overenthusiastic speculation, the control functions attempt to shift those costs elsewhere.

In sum, what we have sketched out above is a story of how crises are generated through the logical internal functioning of modern market economies, whether in national or global settings. A good amount of the world’s systematic unevenness and inequality—not to mention its various geopolitical tensions—follows directly from the ebb and flow of capital, both geographically and from productive to financial circuits. This story fits present conditions extremely well, although this is not the place for a Brenner-style empirical demonstration of overaccumulation tendencies.¹⁵ Suffice to say that the key evidence required is that of devaluation—the collapse of several decades’ worth of ordinary people’s living standards in so many developing

countries since the late 1970s, in Eastern Europe since the late 1980s, and in Emerging Markets since the mid 1990s—as felt particularly by workers, peasants, women, children, the elderly, indigenous groups and disabled people, as well as environments.¹⁶

But if this is indeed where we have come from, what, then, are the key responses to the crisis? What reforms on the table offer what kinds of ways “out” of the crisis (or ways to defer and displace its pain)? If the crisis is indeed as deeply-rooted in the very logic of capitalism as the (marxian) theory suggests, what prospects are there for addressing the crisis at its roots, in a resurgence of popular anti-capitalism?

3. THE CURRENT ARRAY OF FORCES.

During 1997-99, varying positions emerged about the economic crisis from different material interests and economic ideologies. While it may today be possible to identify a few coherent positions, this may not be true in a few months or even weeks. In short, fluidity is the only constant. Nevertheless, we can throw caution to the wind by suggesting that as of mid-1999 five broad tendencies appear to have firmed up, representing systematic reactions to the global financial crisis. The five positions are, from left to right, what we can label a) the “New Social Movements”; b) “Third World Nationalism”; c) the “Post-Washington Consensus”; d) the “Washington Consensus”; and e) the “Old World Order” (see accompanying table at the end of the essay)[see Table 1].

The Washington Consensus. Consider, firstly, the most powerful: the *status quo* Washington Consensus, which still, in 1999, dogmatically promotes free trade, financial liberalisation and foreign investment incentives, business deregulation, low taxes, fiscal austerity and privatisation, high real interest rates, and flexible labour markets.¹⁷ If there were problems outstanding in the world economy, they would always merely be temporary, according to the Consensus, to be overcome by more IMF bailouts (embarrassingly generous to New York bankers though they were), intensified application of ‘sound’ macroeconomic policies, augmented by greater transparency, a touch more financial sector supervision and regulation, and less Asian cronyism. (An early 1999 IMF attempt to go a bit further, to establish a Washington Consensus ‘lender of last resort’ was initially discredited, for it was seen as a naked power play.)

Table 1: Five Reactions to the Global Crisis

Tendency: Issue: Old World Order				
Main argument	Join the system, but on much fairer terms	Reform “imperfect markets” + more “development”	Slightly adjust the status quo (transparency, supervision & regulation)	Restore US hegemony—and penalise NY bankers’ mistakes
Key institutions	Resist globalisation of capital (in contrast to globalisation of people), so as to one day establish popular democracy	Reform “imperfect markets” + more “development”	Slightly adjust the status quo (transparency, supervision & regulation)	Restore US hegemony—and penalise NY bankers’ mistakes
	global activist networks; regional coalitions; think tanks; academic sites; key social/labour movements (Jubilee 2000, Third World Network, Mexico’s Zapatistas, Brazil’s Movement of the Landless and Workers’ Party, South Africa’s Cosatu and other civil society groups, India’s people’s movement coalitions, South Korean workers, Burkina Faso’s National Federation of Peasant Organisations, Greenpeace, Friends of the Earth, etc)	Many United Nations agencies, World Bank?, governments of France, Germany and Japan?	official agencies (US Treasury Department, International Monetary Fund, World Bank?, US Federal Reserve, White House, 10 Downing St, World Trade Organisation); various Washington, DC think-tanks; University of Chicago (and others) Department of Economics	US Republican Party, Hoover Institute, Cato Institute
Key proponents	Marcos, Lula, Castro, Menchu, Bendana, Bello, Amin, George, Patkar, Khor, Shiva, Nader, Said, Pollitt, Chomsky	Stiglitz, Soros, Sachs, Krugman, Wolfensohn, Jospin	Clintron, Blair, Summers, Camdessus, Greenspan, Fischer	Kissinger, Shultz, Buchanan, Helms

Providing political cover for the *status quo* at the end of the century were Bill Clinton and Tony Blair; providing operational support were US Treasury Secretary Robert Rubin and his deputy (and 1999 replacement) Lawrence Summers, US Federal Reserve chair Alan Greenspan, and IMF Managing Director Camdessus; and offering periodic intellectual justification were IMF Deputy MD Stanley Fischer and Summers. A variety of bank and corporate-sponsored Washington think-tanks echoed the party line, while outside the Washington Beltway, allies were found in the World Trade Organisation, Bank for International Settlements, OECD and numerous university economic departments. (At its core, the Washington Consensus is undergirded by a “Wall Street-Treasury Complex,” in the words of Columbia University’s Jagdish Bagwati; and indeed as another world-famous conservative economist, Rudiger Dornbusch, conceded in 1998, “The IMF is a toy of the United States to pursue its economic policy offshore.”)¹⁸

The Old World Order. Secondly, amongst those scornful of the Consensus were conservatives, largely based in reactionary pockets of the United States. But it was a mistake to discount US politicians like Jesse Helms, Trent Lott, Pat Buchanan and their ilk as mere populist rednecks. Their critique of public bailouts for New York bankers was backed by think-tanks (like the stalwart-conservative Heritage Foundation and the libertarian but surprisingly influential Cato Institute in Washington) and closely paralleled by elite conservative concerns—notably of Henry Kissinger and George Shultz, geopoliticians who lost dear friends like Suharto in the 1997-98 financial turmoil—which together led by 1998 to both a formidable attack on IMF policies as unworkable, and opposition to the US Treasury Department’s request for \$18 billion in further IMF funding.¹⁹ The most interesting problem for Washington analysts is deciphering the occasional tactical alliances between a Pat Buchanan, say, and left-populist movements, such as the Ralph Nader networks and Friends of the Earth.²⁰ Political strategies that unite right and left, as inter-war Germany showed, do most damage to the latter, a point we will return to. While the right-wing challenge appears formidable at times, it is also subject to cooptation, as occurred in October 1998 when Bill Clinton bought off Republican opposition by doing a deal which will make IMF conditionality even more fierce, by shortening repayment periods and raising interest rates on future bailout loans. Xenophobia

and isolationism are logical political threats from this current, and economically it wouldn’t be hard to envisage latter-day Smoot-Hawley-style protective tariffs kicking off a downward spiral of trade degeneration reminiscent of the early 1930s, if Old World Order advocates have their way.

The Post-Washington Consensus. Thirdly, there appears an emerging reform position—yet often taking one step forward, then two back—that we can term the “Post-Washington Consensus” in honour of World Bank chief economist Joseph Stiglitz.²¹ Aimed at perfecting the capitalist system’s “imperfect markets,” Stiglitz cites organic problems like asymmetric information in market transactions (especially finance) and anti-competitive firm behaviour as key contributors to the present instability. Likewise speculator George Soros has attributed financial volatility to bankers’ herd instincts.²² However, by advocating somewhat more substantive national regulatory interventions (tougher anti-trust measures, and even speed bumps or dual exchange rates to slow hot money) and more attention to social development and employment, Stiglitz is as reluctant to tamper with underlying dynamics as is Soros, whose call for a global banking insurance fund looks suspiciously self-interested (particularly coming at a time, in August 1998, when he lost several billion dollars of his Russian investments due to Boris Yeltsin’s default on state debt).²³

Unexpectedly, perhaps, a local South African variant of Soros was Donald Gordon, the Liberty Life insurance magnate. After losing enormously to speculators running away from his \$350 million “euro-convertible bond” issue (in the process crashing Liberty’s share value), Gordon remarked ruefully in 1999, “In the name of short-term gain for a few, these people have been allowed to undermine most of the emerging markets. In South Africa [foreign traders’ speculation on local assets] was the financial equivalent of allowing hostile war boats free rein along our coast. It is a destructive activity that undermines the very core of our sovereignty.” As his interviewer interpreted,

Gordon reckons it [the eurobond] opened a Pandora’s box of arbitrage activity that attacked the very substance of Liberty for four years. It marked the beginning of a period that saw stock lending, asset swaps and derivative trading take off on a grand scale, activities which seemed predicated on the devaluation of liquid blue chip stocks. Four years on and having devoted much energy and four annual reviews to the problem, Gordon remains perplexed

by the previous unwillingness of global authorities to rein in the destructive powers of arbitrageurs.²⁴

Others from a neoliberal economic background who are jumping the Washington Consensus ship include Massachusetts Institute of Technology economist Paul Krugman, who claims both a temporary fondness for capital controls to halt speculative runs, and responsibility for Mahathir Mohamad's September 1998 restrictions on trading the Malaysian ringgit.²⁵ Likewise, Jeffrey Sachs, director of the Harvard Institute for International Development, offers critiques of IMF austerity-economics so vociferous as to nearly disguise his own previous advocacy of deregulatory shock therapy from Latin America to Eastern Europe.²⁶

More durable than the growing chorus of reform-oriented neoliberals are the institutions which have an actual material stake in promoting human welfare, such as several key United Nations agencies (whether they succeed or not is another matter).²⁷ More confusing than any of the other reformers is the World Bank, whose President James Wolfensohn allows Stiglitz space to attack the IMF but whose own unoriginal contribution to the debate—a January 1999 paper on the Bank's "new paradigm" reminiscent of modernisation theory—describes his institution's function as the opposite side of the same coin of the IMF, one doing macroeconomic "stabilisation," the other "development."²⁸ More potentially significant than any of the above are the shifting political sands of social-democratic (and Green or otherwise left-leaning) party politics in Germany, France, Italy and Japan. But the March 1999 departure of Oskar Lafontaine represents a profound setback for this current and realigns Germany away from France (at least Jospin's wing of Socialism) and towards Britain, matching the failure of the Japanese (led by Miyazawa) to establish an Asian Monetary Fund, as a result of a Rubin/Summers veto.²⁹ More and more, the presence of Keynesian-oriented officials from Tokyo and Paris would benefit from the mid-1999 realisation that state fiscal stimulation actually produced, finally, some results in Japan. Moreover, especially given its importance to the South African debate, the Stiglitz "information-theoretic" approach to economics (and the role of Stiglitz himself) should be revisited again a bit later.

Third World Nationalism. Fourthly, the equivalent group in the Third World Nationalist camp cannot claim to share traditions in any respect. While China and India are forthrightly resisting financial liberalisation

and Russia formally defaulted in August 1998 (if only temporarily—but in the process avoided seizure of assets by creditors), it is in rather different nationalist regimes in Asia, Africa and Latin America that we can identify more radical discourses of opposition to the Washington Consensus. From Malaysia (Mahathir) to Zimbabwe (Robert Mugabe) to Venezuela (Hugo Chavez), IMF-bashing is back in style, even if the rhetorical flourishes have different origins (one Muslim, one self-described socialist, one simply populist). Yet self-evidently, the trajectory chosen in these three cases, amounts, at best, to attempting to join the system, to play by its rules and, having discovered that the game is set up unfairly, to adjust these rules somewhat in the Third World's favour.³⁰ More typical of a tamed nationalism was the offhand remark by Nelson Mandela at the July 1998 Mercosur meetings of South American nations, that "Globalisation is a phenomenon that we cannot deny. All we can do is accept it."³¹

Not even reflective of the 1970s call for a New International Economic Order, this strain faded badly over the subsequent two decades. Most leaders and political parties of Second and Third World societies who at one point (at least momentarily) carried the aspirations of a mass-popular electorate³² rapidly reversed allegiance, imposing ineffectual and terribly unpopular structural adjustment programmes. In the cases of Mahathir, Mugabe and others, "talking left" also entailed repression of public interest groups and trade unions (and women and gay rights movements), which was less publicised in 1998-99 but just as chilling to democratic processes as the arrests of a high-ranking Malaysian politician (of the Washington Consensus ideological ilk) and of several Zimbabwean journalists.

Not just a problem of Third World nationalism, selling out the poor and working classes on behalf of international finance was also the general fate of so many labour and social democratic parties in Western Europe, Canada and Australia. Even where once-revolutionary parties remained in control of the nation-state—China, Vietnam, Angola, and Mozambique, for instance—ideologies wandered over to hard, raw capitalism. And yet, too, the very universality of financial crisis would necessarily allow counter-hegemonic voices to emerge.

Thus there was still talk within the ANC of potential interlocking interests of major Southern Hemisphere nations, which would potentially reflect renewed muscle in the Non-Aligned Movement, Group of 77 and

various other fora of revived nationalisms. Such cooperation is not without foundation—for example, the October 1998 Alliance document explicitly asked, “Can we forge a Brasilia-Pretoria-Delhi-Beijing Consensus in the absence of any Washington Consensus?” (though cynics would rebut that if the global establishment looked fragmented at that point, so too did Brazil’s crisis-ridden liberal-corporate regime, the ANC’s neoliberal proto-Africanism, Hindu nationalism and Chinese bureaucratic-Communism-cum-ram-pant-capitalism).³³ That the South African government, during 1998-99, occupied a host of crucial positions—head of the Non-Aligned Movement, president of UNCTAD, head of the Commonwealth, head of the Organisation of African Unity, host of the Southern African Development Community, UN Security Council member, holder of a director position at the IMF and World Bank—meant that while ANC economic policy was without question still loyal to the Washington Consensus, nevertheless the kinds of questions raised by South African political leaders were potentially very important for change in the wider world.

New Social Movements. Which brings us, fifthly, to the New Social Movements (a phrase chosen for convenience, not to imply a particular political tilt), whose goal typically was to promote *the globalisation of people and halt or at minimum radically modify the globalisation of capital*.³⁴ These movements spanned Old Left forces (many labour movements, and some ex-Stalinist Communist Parties),³⁵ other newer political parties,³⁶ progressive churches, human rights and disarmament movements, democracy activists, urban/rural community and indigenous peoples movements, organisations of women, youth and the elderly, HIV and health activists, disability rights lobbyists, consumer advocates, and environmentalists who work from the local to the global scales (Greenpeace and Friends of the Earth in the latter group, along with international environmental justice networks).

Naturally, these movements are all extremely diverse in all aspects of their existence. Were there any discourses that could combine the mass-based movements and the NGOs, the proletarian (or often lumpen) activists and petit-bourgeois intellectuals, the women and the men, the environmentalists and the workers? In both strategic and tactical respects, achieving a synthesis of “militant particularist” struggles is always difficult, not least in the simple matter of movement leaders and activists even finding common and mutually-supportive discourses.³⁷ Nevertheless, virtually all countries

provided evidence, by the turn of the century, of coalitions and networks of anti-globalisation activists, many of which were fairly well-grounded in mass democratic organisations that acted locally but thought globally.³⁸

Some localised efforts were already having inspiring results by the turn of the century, such as anti-dam struggles in parts of South Asia and the unveiling of Chile’s repressive legacy as part of an international campaign to bring General Pinochet to justice. But it was always vital to question whether these sorts of organisations could forge links, so as to not only think globally and act locally, but also act globally?³⁹ The most successful of these groups during the late 1990s tackled three global issues: landmines (nearly victorious were it not for the United States), the Multilateral Agreement on Investment (where several stunning stalemates were won mainly in European settings) and the Third World debt. Indeed it was possible to locate within the “Jubilee 2000” debt cancellation movement (particularly its Asian, African and Latin American components) an extremely effective campaigning spirit that not only attracted the likes of celebrities Muhammed Ali and U2 singer Bono, but also drew tens of thousands of activists to protest at G-8 meetings in Birmingham in 1998 and Cologne in 1999.⁴⁰

Not only did social movements show that in some settings they could move from marginal sideline protest to shake ruling-class confidence in major neoliberal initiatives (the North American Free Trade Agreement and US support for the General Agreement on Tariffs and Trade were threatened more by radical US farmer and labour activists, than by the Republican right-populists). They also claimed quite substantial resources for future struggles, including effective advocacy networks⁴¹ and a few progressive nerve centres in sites of power, particularly Washington, DC.⁴² There were, in addition, several radical economic think-tanks associated with the social movements,⁴³ university allies,⁴⁴ and a handful of accessible international activist-oriented periodicals⁴⁵ and publishing houses,⁴⁶ not to mention world-class spokespeople and luminaries from the new movements’ who easily outwit conservative debating partners.⁴⁷

The global balance of forces, to be sure, is very clearly weighted against Third World Nationalists and New Social Movements, and there appears little real basis for any forms of alliance between the two given the former’s penchant for authoritarianism and patriarchy. There are also a variety of other important, organised social forces (such as Muslim fundamentalist

oppositionists, Andean guerrillas or still-stodgy US trade unionists) which don't neatly fit into any camp as yet and which may influence matters to some degree. In addition, the global crisis resurrected platforms for well-meaning economist-technocrats reformers who did not easily fit into any of the camps noted above.⁴⁸

Amongst the New Social Movements there are two fault-lines. One is a terribly dangerous tendency amongst the more conservative (and often "inside-the-Beltway") NGOs and environmental groups—some even derisively called Co-opted NGOs, or "CoNGOs"—to cut pragmatic yet ultimately absurd, untenable deals with the establishment (endorsements of the US-Africa "Growth and Opportunity" free trade deal, or numerous negotiations over the environment).⁴⁹ The other is an ongoing debate over whether energy should be invested in helping Post-Washington Consensus reforms constitute a global state regulatory capacity—expanding upon embryos like the IMF and Bank, WTO, United Nations and Bank for International Settlements—or whether in contrast the immediate task should be defunding and denuding of legitimacy the current sites of potential international regulation so as to reconstitute a progressive politics at the national scale. This latter problem we can now address in detail.

4. SCALES OF POLITICAL REFORM.

In June 1999, John Kenneth Galbraith advised an audience at the London School of Economics, "When you hear it being said that we've entered a new era of permanent prosperity with prices of financial instruments reflecting that happy fact, you should take cover. Let us not assume that the age of slump, recession, depression is past."⁵⁰ But as noted at the outset of this essay, many do just that, supported by emollient proclamations from sites of international financial power. After a year of sweating through discrete but severe hazards (the Russian default, hiccups on Wall Street, Malaysian capital controls, Long Term Capital Management's bankruptcy, Brazilian and Ecuadorean currency meltdowns), G-7 leaders who met in Cologne the same month were cocky about the restoration of global economic stability and growth. If they are right, the steady construction of a world state can continue apace without opponents' legitimate recourse to the 1997-99 critique shared by forces as diverse as mass-popular movements

and George Soros: global financial architects (who in fact aim not to build anything anew, but to redecorate) are incompetent.

It is therefore worth beginning a discussion of scale politics by defending the assertion that the reforms proposed by the Washington Consensus and Post-Washington Consensus are inadequate. Because together they identify the global crisis as emanating from lack of information and accountability, or from corruption or ill-regulated financial markets, the policy recommendations of both Washington and Post-Washington will continue to shift deck chairs on the financial Titanic.

This is not just a matter for technical debates amongst economists.⁵¹ A great many public relations dollars have been invested in the idea that, for example, a new group at the World Bank (Wolfensohn and Stiglitz) will sort out the maniacs across the road at the IMF. South Africa's premier newspaper, the *Mail and Guardian* reported after a high-profile January 1999 trip to South Africa, "Reflecting the changing face of the World Bank, Joseph Stiglitz is a hero in some left-wing circles ... His intention is noble: to free the poor from the powerlessness that is such a feature of poverty."⁵²

By late 1998, Stiglitz claimed, however dubiously, that 75-80 percent of his senior Bank colleagues agreed with him, so his information-theoretic analytical innovations should be seen in institutional context. Brown University political economist Robert Wade attributed the Bank's new open-mindedness to an acknowledgement of internal intellectual sclerosis, Japan's increasing donor role (and its own self-interest in expansionary not contractionary policies for countries in which its firms invested), and self-reflective case study, including the counter-intuitive East Asian miracle.⁵³

Indeed, the disjuncture between the status-quo oriented Camdessus-Summers-Greenspan-Fischer bloc and reformers centred around Stiglitz boiled down, ultimately, to an elite fight between hostile brothers. Precisely the institutional role Stiglitz had to continue playing—defending a key Washington Consensus institution, the World Bank—led soon enough to his South African delegitimation. In January 1999, his World Bank Pretoria-based colleagues set up a formal meeting with 50 members of the SA NGO Coalition (Sangoco), where Stiglitz went on to reverse tack on the larger economic issues (including his Helsinki-speech consent to allowing inflation rates to rise to 40 per cent—he reduced the figure to 8), once some embarrassing questions about "moral hazard" were put to him. As recounted

by Sangoco vice president Mercia Andrews and Campaign Against Neoliberalism in South Africa coordinator George Dor,

We asked him for his views on the contradiction between his speech in Helsinki and the World Bank contribution to the [homegrown structural adjustment] *Gear* strategy. He told us he didn't know much about South Africa ... We put it to him that perhaps the Bank should take action against its staff members on the *Gear* team who got the employment predictions so horribly wrong by suggesting that *Gear* would generate hundreds of thousands of jobs each year when, in reality, hundreds of thousands are being lost. Everything in his tortuous reply suggested that he was not particularly concerned whether Bank staff members produce work of poor quality and that staff members can get away with shoddy work that has a profound impact on people's chances of finding employment ...

Our engagement with him highlights a significant retreat from his Helsinki position. There are a number of possible reasons. His Helsinki speech may have been a deliberate strategy to create the impression of change. He may have been reigned in by the World Bank after Helsinki. Perhaps he felt restrained in Johannesburg by the need to talk the language of his entourage. He portrays the confidence that he has the ear of the institution but insider talk suggests that he is a maverick who is not to be taken too seriously. Whatever the reason for his retreat, his hero's halo has now vanished.⁵⁴

But even if reforms according to Washington—either now or Post—are as capricious and shallow as Stiglitz indicated to the Johannesburg NGOs, and as the June 1999 Cologne G-7 meeting confirmed to all other observers, we must broach the larger question of what kind of political strategy leads to what kinds of change. Given the character of the (overaccumulation) crisis, it would indeed be logical to move from a marxian analysis to a revolutionary socialist strategy. But there is so little in the way of organisation aiming in this direction that it would be futile.

Instead, as ever, given the contradictory opportunities for alliance amongst various social forces arrayed against Washington implied above, the project of thorough-going reform calls up—for those who analyse the problems as being structural—the need for non-reformist reform (not, hence, reformist-reform) strategies, rather than the kinds of ameliorative or delaying tactics that we have come to expect from most of the other players. However, unlike Washington's best thinkers, some such reformers attempt to save the system from its own worst tendencies, and so it may be worth revisiting Keynes' ideas to identify what, at the very minimum, an intelligent

and farsighted defender of capitalist economics understood as the appropriate institutional arrangements for financial markets.

In 1936, Keynes devised a philosophically-grounded analysis—based on the disjuncture between savings and investment that recurs periodically under capitalism—and a remedy to Depression-ridden capitalism that in turn, from the early 1940s, revolutionised economic thinking for a period of more than three, relatively high-growth, relatively less unequal decades. That remedy is famously considered to lie in fiscal populism, but just as crucial, for Keynes, was controlling financial capital that otherwise flows merrily around the world, in a twinkling of an eye, doing enormous damage. For Keynes, a footloose flow of capital “assumes that it is right and desirable to have an equalisation of interest rates in all parts of the world. In my view the whole management of the domestic economy depends upon being free to have the appropriate interest rate without reference to the rates prevailing in the rest of the world. Capital controls is a corollary to this.”⁵⁵

Thanks largely to Keynes (arguing in 1944 against the American negotiating team at Bretton Woods), the IMF Articles of Agreement still allow member countries to “exercise such controls as are necessary to regulate international capital movements”—although, insanely, the IMF has attempted (so far unsuccessfully) to undo such a significant concession. As recently as 1990, 35 countries retained formidable capital controls, although the details (especially the technical policing capacity) are terribly important to study. If indeed capital controls might become a common denominator of potential alliance activity amongst and between New Social Movements, they probably should be understood as a “necessary but insufficient” strategic priority for lobbying national elites and for opening up sufficient manoeuvring space globally. Their merit is not only to go some way towards technical resolution of problems, but also to limit the damage done by the Washington Consensus in other spheres of economic and social policy engineering—simply because there is less of a need for an IMF Seal of Approval if fewer hot-money brokers are interested in a particular country.

There are related areas of nation-state intervention, such as prohibiting certain kinds of deregulated financial market activity, which should also be promoted. Indeed, a gathering at the Institute for Policy Studies in Washington in December 1998 established a variety of other approaches, such as proposed regional crisis funds (belonging to a manageable set of coun-

tries with similar norms, values and practices) and domestic redirection of locally-raised moneys (hence “soft currency” in many cases, intermediated by worker-influenced pension funds or mutual funds) along with progressive national taxation.

Is the nation-state, though, the right scale at which to pursue reforms, or has the world changed sufficiently since Keynes’ time that it is now crucial to construct global not local regulatory processes? A debate continues within a branch of sociology—the World Systems Perspective—about the character of strategic engagement with the globalisation process, and it is helpful to draw out the arguments to illustrate the strategic options. Perhaps the strongest possible case in favour of a “world state” was a book published in 1992 by Warren Wagar,⁵⁶ positing a global social democratic political party taking control of world government midway through the twenty-first century. This general theme has circulated for some time, and *The Spiral of Capitalism and Socialism* (Lynne Rienner 1999) a book by Terry Boswell and Chris Chase-Dunn,⁵⁷ makes the argument forthrightly:

a world polity of global institutions, for the first time ever in world history, is becoming capable of directing the processes of the modern world-system... “Global governance” has increased geometrically in the period following World War II as the strength of a globally-oriented world bourgeoisie has increased *vis-à-vis* the nationally-oriented fractions of capital. These processes, like market integration, are driven by the falling costs of communications and transportation and the increasing size of business enterprises. They are also driven by the interaction between the logic of capitalist accumulation and the organizational efforts by people to control and to protect themselves from market forces.

The formation of a global polity opens the possibility of alternate paths to hegemony and even of a transformation of the system to include a world government. Of course, it is also possible, and perhaps, probable, that these changes are temporary, and that the cycle of hegemonic rivalry and war will again repeat in devastating fashion. But the possibilities for fundamentally changing the system are greater now than in the previous century.

Boswell and Chase-Dunn immediately confront potential criticism that the dominant institutions today will be terribly difficult to influence:

While the idea of a world state may be a frightening specter to some, we are optimistic about it for several reasons. First a world state is probably the most direct and stable way to prevent world war, which must be at the top of everyone’s list. Secondly, the creation of a global state that can peacefully

adjudicate disputes among nations will transform the existing interstate system. The interstate system is the political structure that stands behind the maneuverability of capital and its ability to escape organized workers and other social constraints on profitable accumulation. While a world state may at first be largely controlled by capitalists, the very existence of such a state will provide a *single focus* for struggles to socially regulate investment decisions and to create a more balanced, egalitarian, and ecologically sound form of production and distribution.

The importance of this argument for many of us located in the developing world is that the semi-industrialised “semiperiphery” (which in Africa includes Egypt, Nigeria and South Africa, and possibly Zimbabwe, Kenya, Botswana, Ghana and Mauritius) is the site from which campaigns to radicalise governance of the world state would come forth. For Boswell and Chase-Dunn, “Semiperipheral locations are especially conducive to institutional innovations that have the potential to transform systemic logic. The most powerful movements toward the creation of a socialist mode of accumulation have emerged in the modern semiperiphery.”

The practical implication for a country like South Africa would be continue positioning itself the way it currently is, attempting to attain leadership positions (including Mbeki’s goal of taking a permanent African seat on the UN Security Council) and make major reforms to the international institutions it presently influences. Others view organisations like the Non-Aligned Movement or G-77 as the appropriate vehicles for making such demands. In some cases there are extremely sharp conflicts over how to reform the embryonic global state institutions.⁵⁸

But even if NGOs and environmentalists continue lobbying the Bretton Woods Institutions for (ultimately quite limited) change, or if some of the more outspoken South governments continue to demand better terms and accuse the IMF of heavy-handedness, this is a long way from a coherent strategy of “democratising” the embryonic world state. The question as to how sensible such a strategy is, depends largely upon whether any real progress is being and can be made given the global balance of forces discussed above. That balance of forces has been extremely unfavorable for many years, and it is no accident that “New International Economic Order” demands have long been off the international agenda.

Perhaps because of this, the noted philosopher Iris Marion Young makes a case that although the new social movements have “affected both the dis-

course and policies of international financial institutions” (which normally “do not even pretend to be inclusive and democratic”), instead, a “reasonable goal” for these movements is reform of the United Nations, “the best existing starting point for building global democratic institutions? Why focus on the UN?,” asks Young. “As members of the General Assembly, nearly all the world’s peoples today are represented at the UN.” Moreover, the UN is a site where imperial powers “seek legitimacy for some of their international actions” and where states “at least appear to be cooperative and interested in justice.” Likewise, civil society organisations have mobilised around UN events and issues. But Young also concedes the challenges associated with such a strategy: “the world’s economic powers often seek to bypass UN economic institutions altogether”; “UN humanitarian interventions “will remain a cynical joke as long as actions with that name are organised and led by the US primarily with hardware and personnel under its national command”; “the entire staff of the allegedly bloated UN bureaucracies numbers about that of the State of Wyoming”; “and the UN has perpetual financial problems (hence, Young argues, “Any social movement for strengthening global democracy and inclusion must work to shame states like the United States, who refuses to pay the dues it owes to the United Nations at the same time that it exercises its Security Council power”).⁵⁹

On the contrary, therefore, an entirely different strategic orientation to global government emerged from a section of the world-systems scholar-activist community, resulting in entirely different tactical advice. As Arrighi, Hopkins and Wallerstein argued in their 1989 book *Anti-Systemic Movements*, the most serious challenge to the capitalist mode of production occurs when “popular movements join forces across borders (and continents) to have their respective state officials abrogate those relations of the interstate system through which the [neoliberal] pressure is conveyed.”⁶⁰ I interpret this line of argument as saying uneven development is being exacerbated by globalisation, hence the class-forming process—by which a global proletariat is created (and ultimately forms the basis for global social justice)—is being perpetually disrupted by the destruction of working-class power. Partly for technical economic reasons similar to those Keynes considered, I endorse this point of view.

The most urgent practical implication of this latter view would probably be to campaign against the current character of most nation-states’ interna-

tional economic—especially financial (hard currency debt and hot-money portfolio investment)—relations. Jubilee 2000 is the most advanced of the movements working in this regard, although the other networks at this conference are equally well-positioned and capable of advocacy to continue to make their impact. Jubilee 2000 is, however, deeply split over strategies and tactics, with some of the Northern groups (particularly more moderate components of the US affiliate) ready to accept extremely weak changes to the Highly-Indebted Poor Countries (HIPC) initiative, and many of the Southern groups now taking an increasingly principled stand against HIPC itself. This kind of conflict may well be unavoidable, given the different positions.

A similar wedge issue for the international progressive movement during the 1990s was the effort of some NGOs and trade unions to reform the World Trade Organisation and other bilateral trade arrangements, through social, labour and ecological clauses associated with trade. This strategy had two problems, namely its close association with Northern protectionist tendencies and the failure by most Northern unions and environmentalists to consult with affected Southern unions and people’s movements. Consequently, quite powerful South voices (like the Third World Network) spoke out very critically against the Northern progressive reformers.

In general, the various good-faith efforts of New Social Movement allies in Washington and other settings to establish reforms of the World Bank—along green, gender, transparency and participation lines, or via the very uneven Structural Adjustment Participatory Review Initiative—suffer from their reification of the embryonic global state.⁶¹ In the field of international finance, for example, establishing a global regulatory body will not be easy in any event, nor—if the WTO is anything to go by—would the social movement perspective initially be given any credence whatsoever in such a body. Working with international lenders to establish bankruptcy arrangements has similar dangers, yet the need for so many of our sovereign states to find a way to go bankrupt formally is not in question; and, as noted, debt relief (especially with HIPC-style conditions), if pursued along the lines Clinton and even the Post-Washington Consensus forces recommend, will potentially do more harm than good.⁶²

What is required to resolve this cross-purpose activity, is growing political maturity and sophistication by social movement strategists who attempt

to reflect upon, if not speak in the name of, the popular struggles occurring in each national setting. Those struggles have common roots, and we have common enemies coming out of the woodwork of the decaying international financial (and broader economic) architecture. The implications of this analysis are that some of the creakiest parts of the current framework may have to be allowed to crash; more IMF bailouts for New York investment banks—with or without a coming Wall Street crash—simply reproduce the moral and economic hazard that the Washington Consensus and international financiers will continue the *status quo*. The bailouts should be resisted, first and foremost, including the IMF's regular calls for more taxpayer funding to replenish its bailout funds.

But what we in the social movements can do far more rigorously than we have to date, is to establish whether our core tasks are thinking globally and acting globally, or perhaps—more strategically?—think globally, act globally, but redefine the economic and financial systems that we desperately depend upon for a less uneven form of capitalist development, at the scale of the nation-state.

5. CONCLUSION: SPIRITS OF SOLIDARITY.

The uneven development of global capitalism is, as ever, mirrored in the uneven development of resistance to global capitalism. This is even more striking in the context of crisis, when so many opportunities and dangers rise together. In drawing our conclusions about the strategic implications, a few words about agency are required so that these arguments do not suffer the fate of so many excessively abstract conceptualisations of world-systemic anti-capitalist struggle.

Although not the subject of this essay, a central implicit argument is the difficulty in relying upon either traditional class conflict (at the point of production) or marxist-leninist party-building activity as sites at which we can most reliably locate and nurture resistance to the most damaging of global capitalist processes. While justifiably cautious about claims by (post-modern) proponents of new social movements, the eminent labour journalist Kim Moody has noted a major trend in international social-movement trade-unionism beginning in the mid-1990s:

the growing separation or independence of the unions from political parties they had been dominated by (usually Communist or nationalist) or dependent upon (social democratic) but whose leaders and professional politicians had moved closer to the neoliberal, pro-market policies of the parties of capital. While the unions might continue to support the parties of the left electorally, they would now shape their own political agenda. This was partly the case for many unions in Canada, and even more so for those in Europe formerly associated with Communist Parties, as in France, Spain and Italy, and for labour federations across Asia, Latin America, and Africa.⁶³

After all, under generally less propitious conditions than South Africa, Moody observed, a series of political mass strikes by national workers' movements had shaken Nigeria, Indonesia, Paraguay and Taiwan in 1994; Bolivia, Canada and France in 1995; Argentina, Brazil, Canada, Greece, Italy, South Korea, Spain and Venezuela in 1996; Belgium, Colombia, Ecuador, Haiti, and South Korea in 1997; and then with the 1998-99 crisis, many other important sites of East Asian, East European, African and Latin American proletarian suffering due to neoliberal economic disaster. Internationalist solidarity was also evident here and there during the recent period, with Liverpool and Australian dock workers and Renault workers finding allies, as well as the emergence of wide-ranging campaigns by labour-social movement coalitions against unacceptable wages and working conditions.

Rising militancy as the long economic downturn proceeded was logical enough. As global uneven development heightened during the 1980s-90s, the displacement of the overaccumulation crisis—particularly footloose financial capital—into new areas of the world, or into new (and increasingly unbearable) kinds of class/labour/gender/ethnic relations in the advanced industrial countries, has become far more frenetic. Observers are increasingly aware of the symptoms: rising inequality, widespread child labour, booming sweatshops, declining social wages, unemployment-enhanced xenophobia and nationalist resurgences, superexploitation of women, massive ecological destruction and the like. But it is not just “space”—and relatively weaker conditions of eco-social solidarity in favoured transnational corporate investment zones—that served capital's need to move the crisis around. The use of time as a means of displacing overaccumulation is also critical to capitalist crisis management at the turn of the century: not just more rapid transport and communications, and “speed-up” on the production line in the context of flexibilised labour markets, but also rising indebtedness so that

today's consumption (personal, corporate and sometimes government) can be paid back with income *later*.

This means that even if progressive political activists desire, ultimately, a "globalisation of people, not of capital," global capital flows will have to be more explicitly confronted, and with more and more sophisticated kinds of solidarity. Thanks to the Internet, emails and faxing, the movements' attacks upon neoliberal global economic managers are becoming incredibly surgical, exemplified by the 1997-99 obstruction of the Multilateral Agreement on Investment (that "multinational corporate bill of rights," as it was known).

Still, the political basis for new international networking remains uncertain. Peter Waterman's typology of six kinds of solidarity—Identity, Substitution, Complementarity, Reciprocity, Affinity and Restitution—helps contextualise the uncertain ways forward. As Waterman explains, "Each of these has its own part of the meaning of international solidarity; each is only part of the meaning, and by itself can only be a limited and impoverished understanding of such":

- Identity is expressed by the slogan "Workers of the World Unite!", implying one long-term general interest;
- Substitution is exemplified by development cooperation, or "standing in" for the poor, exploited and powerless;
- Complementarity is the solidarity of "differential contribution" to a common interest or aim (which could be between workers, or North-South);
- Reciprocity is the exchange of similar quantities or qualities over time;
- Affinity suggests personal identity/friendship between, say, eco-feminists, socialists (of a particular hue), or even stamp-collectors;
- Restitution is recognition and compensation for past wrongs.⁶⁴

The semiperiphery will probably play quite an important role in defining which kinds of solidarity emerge and synthesise amongst the world's more progressive political-economic, cultural, single-issue and political movements of the early 21st century. If so, the influence of "CoNGOs" in promoting international "substitutionist"-reformism as the goal of international

solidarity will logically wane,⁶⁵ and the search for radical local, regional and conceptual "alternatives"—a matter taken up again below—may intensify.

With respect to resistance strategies, the need to reduce the stranglehold that international financiers maintain on national leaders is still considered an extremely high priority. Different ways of approaching this defensive struggle have emerged in South Africa,⁶⁶ but there can be no doubting the enormous importance of reasserting democracy and sovereignty, against the likes of the powerful financier quoted during the counting period just three days after the country's second democratic election (before the final vote tally was released), in June 1999.

Foreign investors were becoming increasingly anxious yesterday at the prospects of the ANC winning a two-thirds majority in Wednesday's general election, with a major investment fund warning this may have a devastating effect on local financial markets. Mark Mobius, the president of the \$40 billion Templeton Emerging Market Fund, said he would fundamentally alter his investment view of the country if the ANC won 67 percent of the vote. Mobius, one of the most respected emerging market investors, administers the \$40 billion fund, one of the largest investors in South Africa's financial markets. It is heavily weighted towards the country, at 8.5%, or about \$3.4 billion. "If the ANC gains the power to unilaterally amend the Constitution, we will adopt a very conservative and cautious approach to further investment."⁶⁷

Whether ANC leaders therefore must and will adopt, in their second term of rule, conservative and cautious approaches to redistribution, reconstruction and development, remains to be seen. But for progressive South Africans, other citizens of semiperipheral societies, and their international allies, the most immediate political conclusion should be just as obvious as that drawn by Mobius (more democracy equals less investment): "delinking." For as civil society pressure increasingly compels politicians and bureaucrats to question the interstate relations which convey neoliberal pressure, then what? From Africa's leading radical economist, Samir Amin, has come the theme of regional delinking:

The response to the challenge of our time imposes what I have suggested naming "delinking" ...Delinking is not synonymous with autarky, but rather with the subordination of external relations to the logic of internal development ...Delinking implies a "popular" content, anti-capitalist in the sense of being in conflict with the dominant capitalism, but permeated with the multiplicity of divergent interests.⁶⁸

As unrealistic as this appears at first blush, the recent, present and forthcoming conditions of global economic crisis appear to both demand and supply the material grounds for a profound change in power relations. The ideological hegemony and financial stranglehold that neoliberalism and its sponsors have enjoyed are discredited and could fast disappear. Out of nowhere (East Asia!), after all, suddenly appeared system-threatening contradictions.

And out of radical social and labour movements come, increasingly, demands that can only be met through greater national sovereignty and regional political-economic coherence. The global scale may one day appear as a likely site of struggle (for example, through the United Nations system which at least conceptually could be democratised, unlike the Bretton Woods institutions). But realistic “alternatives” are probably going to have to be fought for and won at national and regional scales.⁶⁹ Such alternatives themselves need to be contextualised in power relations that are still to be fought for, Canadian labour radical Sam Ginden reminds us:

The real issue of “alternatives” isn’t about alternative policies or about alternative governments, but about an *alternative politics*. Neither well-meaning policies nor sympathetic governments can fundamentally alter our lives unless they are part of a fundamental challenge to capital. That is, making alternatives possible requires a movement that is changing political culture (the assumptions we bring to how society should work), bringing more people into every-day struggles (collective engagement in shaping our lives), and deepening the understanding and organisational skills of activists along with their commitment to radical change (developing socialists).⁷⁰

That commitment has already begun to take on international proportions through New Social Movements, Michael Lowy suggests:

Militant trade-unionists, left-wing socialists, de-Stalinized communists, undogmatic Trotskyists, unsectarian anarchists, are seeking out the paths to renewal of the proletarian internationalist tradition ...Concurrently, new internationalist feelings are becoming visible in social movements with a global perspective, like feminism and environmentalism, in antiracist movements, in liberation theology, in associations devoted to human rights and to solidarity with the third world ...It is from convergence between renewal of the socialist, anticapitalist and anti-imperialist tradition of proletarian internationalism—ushered in by Marx in the *Communist Manifesto*—and the universalist, humanist, libertarian, environmentalist, feminist, and democratic aspirations of the new social movements that can and will arise twenty-first-century internationalism.⁷¹

In a previous epoch—one recent enough in the collective memory and still bursting with the pride of authentic struggle—not more than a few thousand South African radical civil society activists took up a task of similar world-scale implications. In part, the struggle was to open up space for a *developmental* liberation (even if that space was quickly closed, and unnecessarily so, we have argued). A core component of the strategy was severing international elite relations with (and support for) apartheid, as Arrighi *et al* propose for the anti-neoliberal struggle. As impossible as the activists’ anti-apartheid mission appeared during the darkest days, *they won!* Given the rapid shifts in power and the crisis of elite interests now being played out across the world, the multifaceted campaigns against Washington—and against those in southern capitals who serve as its parrots—still rank amongst the very highest priorities of South African progressives and their allies.

The era of an economic context in which Washington-oriented policy-makers went unchallenged is nearing an end, it appears. It remains for the world’s various strains of progressive politics—always in alliance with others concerned about meeting human needs and invoking ecological values—to more forcefully show how the existing social and environmental programs of what we’ve termed New Social Movements can become (or contribute to) the foundation of an entirely different economic development strategy. Such efforts should receive the solidarity of progressives across the world-system—in activist and intellectual communities alike.

NOTES

1. Associate Professor, University of the Witwatersrand Graduate School of Public and Development Management, Johannesburg (pbond@wn.apc.org); and Research Associate, Alternative Information and Development Centre (<http://aidc.org.za>). Commentary in the pages below was presented in various forms at conferences and seminars in Harare, Ottawa, Washington, Maputo, Johannesburg, Bangkok, Yokohama, Lusaka and Manzini, Swaziland between September 1998 and August 1999; commentators and critics are thanked for inputs. The arguments are elaborated in my forthcoming *Elite Transition: From Apartheid to Neoliberalism in South Africa*, London, Pluto Press.

²Michel Camdessus, ‘Capital Flows, Crises and the Private Sector,’ Remarks to the Institute of International Bankers, Washington, DC, 1 March 1999, p.9.

Criticism is not meant to discount the ultimate desirability of some kind of humane sovereign-bankruptcy mechanism to clear debt, but it could only legitimately take the form of an arbitration panel with United Nations jurisdiction rather than a cartel of

lenders bedeviled by the IMF's conflicts-of-interest and austerity orientation.

³ The ANC adopted a homegrown structural adjustment programme—*Growth, Employment and Redistribution (Gear)*—in 1996. Looking at the three-year period 1996-98, virtually all *Gear's* targets were missed. Annual GDP growth fell from 3.2 to 1.7 to 0.1 percent in 1996, 1997 and 1998, instead of the strategy's projection of 3.5, 2.9 and 3.8 percent growth. (In view of steady population growth, the per capita wealth of South Africa actually fell by 2.5 percent.) Formal sector (non-agricultural) job losses were 71,000, 126,000 and 186,000, instead of *Gear's* anticipated employment gains of 126,000, 252,000 and 246,000. The rate of increase in private sector investment fell from 6.1 to 3.1 to a negative 0.7 percent in 1996, 1997 and 1998 (instead of rising 9.3, 9.1 and 9.3 percent, respectively). Of private investment, virtually all foreign direct investment was related to the purchase of existing assets through privatisation and merger/acquisition deals (particularly the 30 percent sale of Telkom) as opposed to new plant and equipment, and South African outflows of foreign direct investment (\$2.3 billion in 1997) were far higher than what came in (\$1.7 billion that year). Savings also fell (notwithstanding the rise in the real interest rate from 1996-98) from 18 percent of GDP in 1996 to 15 percent in 1997 and 14 percent in 1998; private savings fell from 20 percent in 1996 to 17 percent in 1998 (instead of rising to 21 percent, as *Gear* forecast). The current account deficit worsened from -1.3 percent in 1996 to -2.1 percent in 1998 (instead of remaining stable, as *Gear* predicted). Exports of South African products (other than gold) rose slowly in 1997-98 (5.3 and 2.1 percent, respectively), confounding *Gear* projections (of 8 and 7 percent, although 1996 export growth was better than predicted). The real interest rate remained in double digits from 1996-98 (instead of falling from 7 to 5 to 4 percent, as *Gear* hoped), and the value of the rand collapsed from 3.5 to the dollar in mid-1996 to 6 (at one point, 6.7) in 1998, confounding projections that it would stay relatively stable (National Institute for Economic Policy, *NGQO! An Economic Bulletin*, 1, 1, <http://www.niep.org.za>, pp.1-3).

⁴ ANC Alliance, 'The Global Economic Crisis and its Implications for South Africa,' Discussion Document, Alliance Summit, Johannesburg, 24 October 1998, pp.2,3.

⁵ Talk given to the September 1998 Commonwealth finance ministers' meeting in Ottawa, cited in my 'Time Again for the Finrand,' *Mail and Guardian*, 16 October 1998. Manuel proceeded, however, to confirm the Washington Consensus in his subsequent budget speeches, reflecting that even if analysis was moving forward, international financial power relations remained locked in place.

⁶ ANC, 'The State, Property Relations and Social Transformation,' ANC Discussion Document (mimeo) reprinted in the *African Communist*, 4th quarter 1998, pp.13-14.

⁷ According to James Love, director of the Consumer Project on Technology and an associate of consumer advocate Ralph Nader, "For some drugs this reduces the price by 70 to 95 percent, depending upon manufacturing costs. Several of the drugs that are candidates for compulsory licensing, including AZT, ddI and ddC, were developed by the U.S. National Institutes of Health." For details, see my 'Globalization, Pharmaceutical Pricing and South African Health Policy: Managing Confrontation

with U.S. Firms and Politicians,' *International Journal of Health Services*, 29, 4, 1999.

⁸ Was this, however, a case of "talking left, acting right"? Within the next few weeks, several huge corporations—including Anglo American Corporation, Old Mutual, Liberty Life and South African Breweries—voted with their feet by moving large chunks of capital and stock market listings to London, without any hint of resistance from Manuel. The subsequent (February 1999) ANC budget dropped corporate taxes from 35 per cent to 30 per cent (the ANC had inherited a 48 per cent corporate tax rate in 1994), while cutting (in real terms) pensions for elderly poor people (to less than \$80 per month). Emblematically, Firoz Cachalia (a leading ANC politician in Johannesburg) appealed to a *Business Day* readership just prior to the June 1999 election,

Fiscal and monetary constraint and liberalised trade and capital movements ...which aim at the structural repositioning of SA's economy in response to globalisation, whatever their long-term benefits, have severe short-term costs for constituencies of votes who are among the current supports of the governing party. The ANC has, however, indicated that it will persist on its chosen path ...Contrary to the conventional wisdom that the alliance between the governing party and trade unions limits economic growth, there is considerable evidence that such relationships make growth possible through wage restraint.

(Cited in my 'The African National Congress Landslide,' *GreenLeft Weekly*, 8 June 1999.)

⁹ ANC Alliance, 'The Global Economic Crisis,' p.4.

¹⁰ I am reliably informed that the Brenner article impressed Netshitenzhe and SACP intellectuals Blade Nzimande and Jeremy Cronin. An updated version was published as a book: Robert Brenner, *Turbulence in the World Economy*, London, Verso, 1999.

¹¹ Koh Young-joo, 'Alternatives to the "Corporate State"?,' Paper presented to Conference on 'Economic Sovereignty in a Globalising World,' Bangkok, 24 March 1999.

¹² I take as at least evidence of empirical support for such patterns the work of Christian Suter, *Debt Cycles in the World Economy*, Boulder, Westview Press, 1992.

¹³ I have carefully documented one small country's repeated patterns of overaccumulation-speculation-unevenness in *Uneven Zimbabwe: A Study of Finance, Development and Underdevelopment*, Trenton, Africa World Press, 1998. For South African evidence, see C.G.W. Schumann, *Structural Changes and Business Cycles in South Africa, 1806-1936*, London, P.S.King and Son, Ltd, 1938; Charles Meth, 'Productivity and South Africa's Economic Crisis,' Research monograph, University of Natal/Durban Department of Economics, 1990; and my *Commanding Heights and Community Control*, Johannesburg, Ravan, 1991 and 'A History of Finance and Uneven Development in South Africa,' *South African Geographical Journal*, 80, 1, 1998.

¹⁴ For this statement, I draw here upon theoretical (and to some extent empirical) accounts by contemporary political-economists Samir Amin, Robert Brenner, Simon

Clarke, Diane Elson, Ben Fine, David Harvey, Dani Nabudere, Neil Smith and Ellen Meiksins Wood, among others. Important differences can be set aside for the sake of establishing a relatively common understanding of the laws of motion of capitalism.

¹⁵ In addition to Brenner's more recent statement of the evidence, see earlier discussions about 1970s-80s stage of the global crisis, such as Simon Clarke, *Keynesianism, Monetarism and the Crisis of the State*, Aldershot, Edward Elgar, 1988, pp.279-360; David Harvey, *The Condition of Postmodernity*, Oxford, Basil Blackwell, 1989, pp.180-197; Ernest Mandel, 'Theories of Crisis: An Explanation of the 1974-82 Cycle,' in M. Gottdiener and N. Komninos (Eds), *Capitalist Development and Crisis Theory: Accumulation, Regulation and Spatial Restructuring*, London, Macmillan, 1989, pp.30-58; Keith Armstrong, Andrew Glyn and John Harrison, *Capitalism Since 1945*, Oxford, Basil Blackwell, 1991, pp.169-260.

¹⁶ Seminal moments of devaluation included the Third World debt crisis (1980s), energy finance shocks (mid 1980s), crashes of international stock (1987) and property (1991-93) markets, and the long, terribly deep crash (from 1973-99) of non-petroleum commodity prices. Sometimes devaluation of financial assets backlashed, however. Late-1990s examples of gambles gone very sour in derivatives speculation, exotic stock market positions, currency trading, and bad bets on commodity futures and interest rate futures include Long-Term Capital Management (\$3.5 billion)(1998), Sumitomo/London Metal Exchange (£1.6 billion)(1996), I.G.Metallgesellschaft (\$2.2 billion)(1994), Kashima Oil (\$1.57 billion)(1994), Orange County, California (\$1.5 billion)(1994), Barings Bank (£900 million)(1995), the Belgian government (\$1 billion)(1997), and Union Bank of Switzerland (\$690 million)(1998).

¹⁷ In an important overview of the debate over global financial reform, Walden Bello, Kamal Malhotra, Nicola Bullard and Marco Mezzera ('Notes on the Ascendancy and Regulation of Speculative Capital,' Paper presented to the Conference on 'Economic Sovereignty in a Globalised World,' Bangkok, 24 March 1999) argue that there are three main positions on global financial reform: 'It's the wiring, not the architecture' (Washington Consensus plus Group of 22), 'Back to Bretton Woods' (a strong version of Post-Washington Consensus), and 'It's the development model, stupid!' (New Social Movements)—ignoring the far right critique and collapsing nationalists and post-Wash-Con economists into the second category.

The term "Washington Consensus" comes from John Williamson, 'The Progress of Policy Reform in Latin America,' *Policy Analyses in International Economics*, Washington, DC, Institute for International Economics, 1990. As one minor personal indication of the awesome power invested in Wash-Con leaders, *Time* magazine (15 February 1999) anointed Rubin, Summers and Greenspan the "Three Marketeers" who could save the world from depression.

The arrogance of Consensus-think was evident in Camdessus's description of the Asian crisis as a 'blessing in disguise' (*Wall Street Journal*, 24 September 1998). Illustrative of crisis-era justifications are articles and speeches by Robert Rubin, 'Strengthening the Architecture of the International Financial System,' Remarks to the Brookings Institution, Washington, DC, 14 April 1998; by Laurence Summers, 'The Global Economic Situation and What it Means for the United States,' Remarks to the

National Governors' Association, Milwaukee, Wisconsin, 4 August 1998; by Stanley Fischer, 'IMF—The Right Stuff,' *Financial Times*, 17 December 1997, 'In Defence of the IMF: Specialized Tools for a Specialized Task,' *Foreign Affairs*, July-August 1998, and 'On the Need for an International Lender of Last Resort,' IMF Mimeo, Washington, DC, 3 January 1999; and by Michel Camdessus, 'The IMF and its Programs in Asia,' Remarks to the Council on Foreign Relations, New York, 6 February 1998. (See also Organisation for Economic Cooperation and Development, *Report of the Working Group on International Financial Crises*, Paris, 1998.)

¹⁸ See Jagdish Bhagwati, 'The Capital Myth: The Difference between Trade in Widgets and Trade in Dollars,' *Foreign Affairs*, 77m, 3, May/June 1998. Dornbush cited in Doug Henwood, 'Marxing up the Millennium,' Paper presented to the 'Marx at the Millennium' Conference, University of Florida, 19 March 1999.

¹⁹ For a good description, see Richard Leaver, 'Moral (and Other) Hazards: The IMF and the Systematic Asian Crisis,' Paper presented to Conference on 'Economic Sovereignty in a Globalising World,' Bangkok, 24 March 1999. For their own words, see Cato Institute, <http://www.cato.org/research/glob-st.html>; Henry Kissinger, 'IMF no Longer Able to Deal with Economic Crises,' *Los Angeles Times*, 4 October 1998; George Shultz, William Simon and Walter Wriston, 'Who Needs the IMF?,' *Wall Street Journal*, 3 February 1998.

²⁰ G. Franke-Ruta, 'The IMF Gets a Left and a Right,' *The National Journal*, 30, 3, 1998.

²¹ Joseph Stiglitz, 'More Instruments and Broader Goals: Moving Toward a Post-Washington Consensus,' WIDER Annual Lecture, Helsinki, 7 January 1998. See also his 'Towards a New Paradigm for Development: Strategies, Policies, and Processes,' Prebisch Lecture, UN Conference on Trade and Development, Geneva, 19 October 1998. Illustrative of Stiglitz's attack on conventional wisdom—including self-corrective financial markets (for which his two decades work will no doubt soon be rewarded with a Nobel Prize)—are the following lines from the Helsinki paper: "the policies advanced by the Washington Consensus are hardly complete and sometimes misguided ...the advocates of privatization overestimated the benefits of privatization and underestimated the costs ...[below 40% per year] there is no evidence that inflation is costly ...The focus on freeing up markets, in the case of financial market liberalisation, may actually have had a perverse effect, contributing to macro-instability through weakening of the financial sector."

²² In *The Crisis of Global Capitalism: The Open Society Endangered* (New York, Public Affairs, 1998), Soros asserts, "To put the matter simply, market forces, if they are given complete authority even in the purely economic and financial arena, produce chaos and could ultimately lead to the downfall of the global capitalist system." In another article—'Avoiding a Global Breakdown,' *Financial Times*, 31 December 1997—he specifies what is wrong with financial market forces: "The private sector is ill-suited to allocate international credit. It provides either too little or too much. It does not have the information with which to form a balanced judgment. Moreover, it is not concerned with maintaining macroeconomic balance in the borrowing countries. Its goals are to maximize profit and minimize risk. This makes it move in a herd-like fashion in both

directions. The excess always begins with overexpansion, and the correction is always associated with pain.”

^{23.} In a perceptive review of the 1998 book, Doug Henwood (‘Let George Do It,’ *Left Business Observer* 88, February 1999) argues that Soros has lifted from post-Keynesian economist Paul Davidson unattributed arguments about financial market disequilibrium (‘nonergodicity’), and that his analysis is far less convincing in these matters than Keynes, Joan Robinson, Karl Polanyi and Hyman Minsky—who pioneered theories of imperfect financial markets long before Stiglitz. (Stiglitz told me personally that he did not take terribly seriously the ideas of Soros, whom he saw mainly as a practitioner with insufficient intellectual distance; interview, 1 October 1998, Ottawa.)

Most tellingly, Soros’ solutions wilt when it comes to national exchange controls, and at a time when honest economists were reviewing this once widely-practiced technique as part of the solution to financial market turbulence—and at a time Stiglitz, who initially worried that the September 1998 Malaysian exchange controls represented ‘too much of a backlash’ (preferable, he told me three weeks later, were dual-currency controls like South Africa’s 1985-95 *finrand*), prepared to endorse Malaysia’s controls. After all, Stiglitz conceded in mid-1999, ‘There was no adverse effect on direct foreign investment ...there may even have been a slight upsurge at some point’ (Agence France Press, 23 June 1999). Soros, whose famous tiff with an evidently anti-semitic Mohamad Mahathir in 1997-98 may have influenced matters (*Economist*, 27 September 1997), shied well away from exchange controls, for if widespread, these would end his speculating days. And as Henwood concludes of Soros’ insurance proposal, ‘Making creditors bear the risk of lending beyond sanctioned limits might not do all that much’ to cool down hot money flows in any event.

^{24.} *Sunday Independent*, 16 May 1999.

^{25.} Paul Krugman, ‘Saving Asia: It’s Time to get RADICAL,’ *Fortune*, 7 September 1998.

^{26.} Jeffrey Sachs, ‘The IMF is a Power unto Itself,’ *Financial Times*, 11 December 1997; ‘The IMF and the Asian Flu,’ *The American Prospect*, March-April 1998.

^{27.} See especially the work of UNCTAD economist (and post-Keynesian) Yilmaz Akyuz, ‘Taming International Finance,’ in J.Michie and J.G.Smith (Eds), *Managing the Global Economy*, Oxford, Oxford University Press, 1995 and ‘The East Asian Financial Crisis: Back to the Future,’ in Jomo K.S. (Ed), *Tigers in Trouble*, London, Zed, 1998.

^{28.} James Wolfensohn, ‘A Proposal for a Comprehensive Development Framework (A Discussion Draft),’ Washington, DC, World Bank, 29 January 1999.

^{29.} Hirakawa Hitoshi, ‘The Asian Monetary Fund and the Miyazawa Initiative,’ Paper presented to Conference on ‘Economic Sovereignty in a Globalising World,’ Bangkok, 24 March 1999; Oskar Lafontaine and Christa Mueller, *Keine Angst vor der Globalisierung: Wohlstand und Arbeit fuer Alle*, Bonn, Dietz Verlag, 1998.

^{30.} Mohamad Mahathir, ‘The Future of Asia in a Globalised and Deregulated World,’ Speech to the conference ‘The Future of Asia,’ Tokyo, 4 June 1998. In a spirit mirroring Mahathir’s, other rulers of two formerly free-market Asian countries defended themselves from speculators in September 1998; the Hong Kong state

prohibited the short-selling of local stock market shares and also bought \$14 billion in shares to prop up the Hang Seng index, and Taiwan outlawed what were described as illegal funds-trades by Soros hedge funds.

For background to Mugabe’s hate-love-hate relations with the IMF and World Bank, see my *Uneven Zimbabwe*, Chapters Eleven-Twelve. There was a confused flurry in early 1999 when Mugabe sought funding elsewhere than the IMF. See, e.g., ‘Zimbabwe Severs Ties with the IMF,’ *Wall Street Journal*, 12 April 1999 and AP Worldstream, ‘We Won’t Cut Ties with IMF, World Bank, says Zimbabwe,’ 12 April 1999; for a more skeptical view of Mugabe’s updated “socialist” rhetoric, see my ‘Zimbabwe’s Political Reawakening,’ *Monthly Review*, 50, 11, May 1999. The IMF’s Zimbabwe objectives were straightforward: Mugabe must reverse the only two progressive things he had done in a long time, namely the imposition of a luxury import tax in 1997 and of price controls on staple foods in mid-1998 in the wake of IMF riots. According to a blunt Michael Nowak, IMF assistant director for Africa, “There are two issues outstanding and these have stopped the IMF from making the [\$53 million] standby credit available to the country. These issues are, one, we want the government to reduce the tariffs slapped on luxury goods last September, and secondly, we also want the government to give us a clear timetable as to when and how they will remove the price controls they have imposed on some goods” (see Abel Mutsakani, ‘IMF says Tariffs, Price Controls Last Hurdles to Aid,’ *Financial Gazette*, 12 March 1999). Later in 1999, the IMF agreed to increase the loan amount to \$200 million, but according to an IMF official, yet more conditions emerged, namely, access to classified Congo war information and a commitment to a fiscally-responsible source for any new war expenditure: “The Zimbabweans felt offended, shocked, but they all the same agreed to give us the information, we got all the clarification we wanted. They had no choice...We have had assurances [that] if there is budgetary overspending, there will be cuts in other budget sectors” (Agence France Press, ‘IMF Agrees to Lend Zimbabwe 200 Million US Dollars: IMF Source,’ 20 July 1999). The final deal in August 1999 also compelled the Zimbabwe Reserve Bank to restore foreign currency accounts to local corporations. This loan represented the most blatant manipulation of Zimbabwean sovereignty ever, yet Mugabe signed.

As for Chavez, the main controversies associated with the honeymoon period following his impressive 1998 electoral victory—on an anti-poverty campaign platform—were whether he would maintain favour with the IMF through budgetary restraint and real public sector wage cuts, and how quickly and deeply he would restructure domestic political and judicial institutions. Within a month of taking office, he cut the budget by 11 percent (denying he was already an IMF devotee), notwithstanding some extra spending on public works programmes. While unions demanded a 50 percent wage increase to keep pace with inflation, Chavez offered only 20 percent in a national tripartite bargaining forum, and when that broke down imposed the negative real wage deal on public sector workers (see Reuters, ‘Venezuela not Negotiating, just Talking to IMF,’ 3 March 1999; Associated Press, ‘Venezuela faces Severe Recession,’ 4 March 1999). However, given that union leaders were part of an oligarchic political structure and that simultaneously Chavez was dramatically

increasing public works programmes in part through redirection of military personnel resources, his care regarding economic reform may not have been as decisive as was first feared. Indeed in the process of subsequently invoking an historic national constitutional assembly with mass-popular support, in the wake of a dramatic referendum on constitutional reform, the strategy of shaking loose local power relations in the political sphere as a means of addressing neoliberalism's economic legacy appeared surprisingly viable. It is too early to tell whether Chavez belongs in the same camp of nationalist-populists who "talk left" and "act right."

³¹ Mandela's televised comment is cited in my 'Global Financial Crisis: Why we should Care, What we should Do', 15, 3, 1998. This was not atypical. Jonathan Michie and Vishnu Padayachee are right to conclude that "In the South African context, globalization has become a synonym for inaction, even paralysis, in domestic economic policy formulation and implementation." (Jonathan Michie and Vishnu Padayachee, 'The South African Policy Debate Resumes' in J. Michie and V. Padayachee [Eds], *The Political Economy of South Africa's Transition*, London, The Dryden Press, 1997, p.229.)

³² Very different circumstances prevailed, amidst very different ideologies, but this fate befell, amongst others, Aquino (Philippines), Arafat (Palestine), Aristide (Haiti), Bhutto (Pakistan), Chavez (Venezuela), Chiluba (Zambia), Dae Jung (South Korea), Havel (Czech Republic), Mandela (South Africa), Manley (Jamaica), Megawati (Indonesia), Musoveni (Uganda), Mugabe (Zimbabwe), Nujoma (Namibia), Ortega (Nicaragua), Perez (Venezuela), Rawlings (Ghana), Walensa (Poland) and Yeltsin (Russia).

³³ ANC Alliance, 'The Global Economic Crisis,' p.5.

³⁴ In this regard, what many such movements are saying is a striking echo of John Maynard Keynes' position (in a 1933 *Yale Review* article): "I sympathise with those who would minimise, rather than with those who would maximise, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel—these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible and, above all, let finance be primarily national." (John Maynard Keynes, 'National Self-Sufficiency,' *Yale Review*, 22, 4, 1933, p.769.)

Add political solidarity to his list of what should be globalised, and Keynes would fit nicely into this current.

³⁵ Like those of the Philippines, South Africa, parts of Eastern Europe and Cuba.

³⁶ From the Brazilian Workers Party, Sandinistas and their Sao Paolo Forum allies in Latin America, to the emergent new worker's party—the Movement for Democratic Change—in Zimbabwe.

³⁷ One of the best works on such contending discourses, as applied to debates between the orthodox "ecological modernisation" approach and radical "environment justice," is David Harvey, *Justice, Nature and the Geography of Difference*, Oxford, Basil Blackwell, 1996. I outline the problem in "Environmental Discourses in South African Infrastructure Project Analysis," forthcoming in *Capitalism, Nature, Socialism*, 1999.

³⁸ To cite only a few such mass movements which apparently worked well with other local and global anti-neoliberal initiatives—simply so as to give a flavour of this current—consider Mexico's Zapatistas (both the retreating army and the emerging

peasant and worker civil-society organisations), Brazil's Movement of the Landless, India's National Alliance of People's Movements, Thailand's Forum of the Poor, the Korean Confederation of Trade Unions, and Burkina Faso's National Federation of Peasant Organisations. At a regional scale, an interesting example is the Sao Paulo Forum of Latin American leftists.

³⁹ Again, by way of example, local struggles to make housing and food social entitlements—expanding the sphere of human rights discourse beyond "first generation" liberal political rights into more radical socio-economic spheres—were aggregated into the Habitat International Coalition and FoodFirst International Action Network. Other international networks had successes in banning the dumping and incineration of toxic waste (Health Care without Harm). The Zapatista "Intergalactic Encounters for Humanity, Against Neoliberalism" planted more visionary seeds, as have growing anarchist-inspired networking and activism—epitomised by the civil disobedience of the impressive network known as "Peoples' Global Action"—in London, Paris, Geneva, Davos, San Francisco and other sites of Northern power.

⁴⁰ Admittedly, classic South versus North sentiments arose not only in J2000 critiques of the Washington Consensus and the highly-conditional debt relief schemes on offer from Washington, but also in J2000 *South* critiques of their northern advocacy counterparts, who often appeared extremely pliant to Northern politicians' gambits. For an excellent article on this topic, see Dot Keet, 'The International Anti-Debt Campaign: An Activists' View from the South, to Activists in the North,' AIDC Discussion document, <http://www.aidc.org.za>.

⁴¹ Again a handful of examples will suffice, e.g., the Third World Network based in Penang and Accra, the Third World Forum in Senegal, the International Rivers Network in Berkeley.

⁴² Worth citing are the Nader organisations, Alliance for Global Justice, and Center for International Environmental Law.

⁴³ For example, Focus on the Global South in Bangkok, the Preamble Center and Institute for Policy Studies in Washington, Amsterdam's Transnational Institute and International Institute for Research and Education.

⁴⁴ Critical masses of political economists had amassed at London's School of Oriental and African Studies, the University of Massachusetts/Amherst, and American University in Washington.

⁴⁵ In English, these included *The Ecologist*, *Green-Left Weekly*, *International Socialism*, *International Viewpoint*, *Left Business Observer*, *Links*, *Monthly Review*, *Multinational Monitor*, *New Internationalist*, *Red Pepper*, *Third World Resurgence*, and *Z*.

⁴⁶ These included Pluto, *Zed*, *Monthly Review*, Verso, amongst just the English-language presses. It may be useful to list several of the radical (or "critical") English-language books—not to mention seminal articles and papers, for the list is vast—about global capitalism (and resistance) just prior to the turn of the century (here 1997 is an arbitrary cutoff because in 1996 important books were produced by Alexander, Berger and Dore, Boyer and Drache, Clarke, Helleiner, Hirst and Thompson, Hopkins and Wallerstein, Mander and Goldsmith, Michie and Grieve Smith, Robinson, and others and in 1995, etc etc): Samir Amin, *Capitalism in the Age of Globalization*, London,

Zed, 1997; Robert Blecker, *Taming Global Finance*, Washington, DC, Economic Policy Institute, 1999; Robert Brenner, *Turbulence in the World Economy*, London, Verso, 1999; Catherine Caufield, *Masters of Illusion*, London, Macmillan, 1997; Michel Chossudovsky, *The Globalisation of Poverty*, London, Zed, 1997; William Greider, *One World Ready or Not*, London, Penguin, 1998; Robin Hahnel, *Panic Rules!*, Boston, South End, 1999; Doug Henwood, *Wall Street*, London, Verso, 1997; Ankie Hoogvelt, *Globalisation and the Postcolonial World*, London, Macmillan, 1997; Joshua Karliner, *The Corporate Planet*, San Francisco, Sierra Club, 1997; Jomo K.S., *Tigers in Trouble*; Hans-Peter Martin and Harald Schumann, *The Global Trap*, London, Zed, 1997; Kim Moody, *Workers in a Lean World*, London, Verso, 1997; Harry Shutt, *The Trouble with Capitalism*, London, Zed, 1999; Kavaljit Singh, *A Citizen's Guide to the Globalisation of Finance*, London, Zed and Delhi, Madhyam Books, 1998; Mrinalini Sinha, Donna Guy and Angela Woollacott (Eds), *Feminisms and Internationalism*, Oxford, Blackwell, 1999; Robert Wade, *The Gift of Capital*, London, Verso, 1999; Peter Waterman, *Globalisation, Social Movements and the New Internationalisms*, London, Cassell, 1998; and Linda Weiss, *The Myth of the Powerless State*, Cambridge, Polity, 1998.

⁴⁷ In the same illustrative spirit, some of the leading anti-neoliberal spokespeople, activist-leaders and leftist luminaries of the late 1990s deserve mention: Subcommandante Marcos of the Zapatistas, Lula (Luis Ignacio da Silva) of the Brazilian Workers Party, Cuban premier Fidel Castro, Guatemalan Nobel laureate Rigoberto Menchu, Alejandro Bendana of Nicaragua, Samir Amin of the World Forum for Alternatives in Dakar, Kenyan environmentalist Wangari Maathai, South African poet Dennis Brutus of the debt cancellation movement, Indian anti-dams and social movement campaigner Medha Patkar, Martin Khor of Third World Network, Indian writer Arundhati Roy, feminist-scientist-environmentalist Vandana Shiva, Walden Bello of Focus on the Global South, former Tanzanian President Julius Nyerere, Australian journalist John Pilger, Russian intellectual Boris Kagarlitsky, Susan George of the Transnational Institute, French intellectual Pierre Bordieu, US consumer activist Ralph Nader, *Monthly Review* co-editor Ellen Meiksins Wood, Irish journalist Alexander Cockburn, Palestinian literary critic Edward Said, and US intellectual Noam Chomsky.

⁴⁸ For instance, James Tobin, author of the international 0.05% cross-border financial transaction tax proposal which bears his name; John Eatwell and Lance Taylor, who argued for a World Financial Authority; futurist Hazel Henderson who suggests means to prevent currency "bear raids" by focusing on electronic funds transfers (and a transparent transaction reporting system); or post-Keynesian Paul Davidson, who wanted an international clearing union providing for capital controls.

See James Tobin, 'A Proposal for International Monetary Reform,' *The Eastern Economic Journal*, July/October 1978; John Eatwell and Lance Taylor, 'International Capital Markets and the Future of Economic Policy,' CEPA Working Paper Series III, Working Paper 9, New School for Social Research, New York, September 1998; Hazel Henderson, *Building a Win-Win World*, San Francisco, Berrett-Koehler, 1996 and 'The Global Financial Casino: A View Beyond Textbook Economics,' Paper presented to Conference on 'Economic Sovereignty in a Globalising World,' Bangkok, 24 March

1999; Paul Davidson, 'Are Grains of Sand in the Wheels of International Finance Sufficient to do the Job when Boulders are often Required?,' *The Economic Journal*, 107, 1997, and 'The Case for Regulating International Capital Flows,' Paper presented at the Social Market Foundation Seminar on Regulation of Capital Movements, 17 November 1998. The most progressive variants of these arguments for a global financial regulatory authority can be found at the website of the Financial Markets Center in Washington, a populist-inspired think-tank whose intellectual allies include Jane D'Arista, James Galbraith, William Darity, William Greider and Dean Baker: <http://www.fmcenter.org>.

Interestingly, a few Wash-Con and post-Wash-Con economists once engaged these issues with a degree of intellectual rigour that is surprising in retrospect, given their present reluctance to offend financial markets in substantive ways. Most notably, Lawrence Summers coauthored an article the practical implications of which he would distance himself from in later years: 'When Financial Markets Work Too Well: A Cautious Case for a Securities Transactions Tax,' *Journal of Financial Services* 3, 1989. Likewise, one of the most fanatical mid- and late-1990s financial-liberalisers, Stanley Fischer, argued as recently as 1991 that 'domestic firms should not be given unrestricted access to foreign borrowing, particularly non-equity financing' (in his book *Issues in International Economic Integration*, Bangkok, 1991, p.20). And Stiglitz once offered a tax-based approach in the article, 'Using Tax Policy to Curb Speculative Short-Term Trading,' *Journal of Financial Services*, 3, 1989 (which Davidson has ridiculed as a 'noise-trader-as-fool argument').

⁴⁹ For a description of CoNGOism from a pro-IMF angle, see Jan Scholte, 'The IMF Meets Civil Society,' *Finance and Development*, 35, 3, 1998, and 'Civil Society and a Democratisation of the International Monetary Fund,' in P.Yeros and S.Owen (Eds), *Poverty in World Politics: Whose Global Era?*, London, Macmillan, 1999. More generally, see Alan Fowler, 'Capacity Building and NGOs: A Case of Strengthening Ladies for the Global Soup Kitchen?,' *Institutional Development*, 1, 1, 1994.

⁵⁰ Associated Press, 29 June 1999.

⁵¹ The Post-Washington Consensus critique of Washington is reviewed above. For a critique of the Post-Washington Consensus, see especially the work of Ben Fine, including 'Industrial Policy Revisited,' *Indicator SA*, 15, 4, 1998; a forthcoming edited collection drawing upon the School for Oriental and African Studies 1998-99 economics seminar; and 'The Developmental State is Dead—Long Live Social Capital?' *Development and Change*, 30, 1, 1999. See also a discussion of implications for South Africa in my 'Moving Toward—or Beyond?—a "Post-Washington Consensus" on Development,' *Indicator SA*, 15, 4, 1998.

⁵² *Mail and Guardian*, 8 January 1999.

⁵³ After Interpress Service reported in early 1998 that a Bank official joked of locking Stiglitz up in the basement to shut him up after Helsinki (and indeed it was several months before he made headlines again), I asked him in private discussion whether he'd won the battle of hearts and minds amongst his lead staff. The main student of Bank culture, Robert Wade, doubted the answer I received: "I would be surprised if the figure is anywhere close to 80 percent. What Stiglitz is saying is

contrary to what so many have built their career espousing. I'm not quite so cynical to think that people can change their 'pre-analytic visions' as quickly as Stiglitz's figure implies—although they may change the tenor of what they say *when they know it might get back to Stiglitz*" (personal correspondence, 15 October 1998). See Wade's 'The Gathering World Slump and the Battle over Capital Controls,' *New Left Review*, 231, September–October 1998, and 'From "Miracle" to "Cronyism": Explaining the Great Asian Slump,' *Cambridge Journal of Economics*, 22, 6, November 1998.

^{54.} *International Viewpoint*, 310, April 1999; for an official Sangoco report on the meeting in the same spirit, see also *NGO Matters*, January 1999.

^{55.} See D. Moggeridge, Ed, *The Collected Works of J. M. Keynes*, Vol.25, London, Macmillan, p.149.

^{56.} Warren Wagar, *A Short History of the Future*, Chicago, University of Chicago Press, 1992. See reactions in *Journal of World Systems Research*, 2, 1996 (including Patrick Bond and Mzwanele Mayekiso, 'Towards the Integration of Urban Social Movements at the World Scale').

^{57.} Terry Boswell and Chris Chase-Dunn, *The Spiral of Capitalism and Socialism*, Boulder, Lynn Reiner, 1999.

^{58.} In 1998–99 for example, major Southern governments (especially India and Brazil) argued forcefully *against* stronger powers for the key reforming agency within the World Bank (the "Inspection Panel," often used by development and environment NGOs to protest damaging Bank projects)—and indeed the Southern government representatives severely *weakened* the scope for reforming the Bank in ways which would make its loans more subject to citizen accountability.

^{59.} Iris Marion Young, *Inclusion and Democracy*, Oxford, Oxford University Press, 1997, Chapter Seven. Young draws upon the work of Erskine Childers, Brian Urquhart and Chadwick Alger. A similarly strong group of proponents for the utilisation of the UN as a potential liberated zone are those involved in human rights work and in the UN Non-Governmental Liaison Service.

^{60.} Giovanni Arrighi, Terence Hopkins and Immanuel Wallerstein, *Anti-Systemic Movements*, London, Verso, 1989, p.74.

^{61.} There is interesting debate amongst progressive economists over one potential exception: the "Tobin Tax" campaign that is being waged in Canada, the US and France to establish a penalty for international financial transactions so as to disincentivise speculation, which can effectively be accomplished by the G-7 countries acting in concert. As formidable a marxist economist as Suzanne de Brunhoff (<http://www.attac.org>) has signed on to this campaign, although others (such as Leo Panitch and Gerard Greenfield of the *Socialist Register*) insist that national capital controls should be a higher priority.

^{62.} Representative Jesse Jackson, Jr, pointed this out, in offering a much more progressive alternative to the Africa Growth and Opportunity Bill, called HOPE for Africa, for which he mustered support from 70 colleagues in early 1999.

^{63.} Moody, *Workers in a Lean World*, p.21.

^{64.} Waterman, *Globalisation, Social Movements and the New Internationalisms*, Chapter One.

^{65.} CoNGO declarations of victory notwithstanding, with respect to conceptual and intellectual trends, the possibility of uniting with Post-Washington Consensus reformers was as bleak and fruitless as the prospect of mass-popular alliances with Mahathir, Mugabe and other rabid nationalists. By 1998, Stiglitz was being consistently challenged from the left through, for example, a formidable set of seminar papers given at the London School of Oriental and African Studies, which documented the merely ameliorative effects that *post*-Washington Consensus reforms (greater transparency, more active competition policy, enhanced regulation, less focus on inflation, etc) would have on a world economy drifting dangerously towards depression and financial chaos. A new intellectual project—perhaps a 'post-Post-Washington Consensus' (e.g., from meetings of church/NGO/social movements in Lusaka and Nairobi in 1999, an 'Africa Consensus')—with respect to development, economics, ecology and global-local processes was sorely needed, and began emerging from diverse quarters.

^{66.} Concrete manifestations include the Campaign Against Neoliberalism in South Africa (founded in 1996 upon a visit by Camdessus) and the SA Jubilee 2000 debt cancellation initiative, which had phenomenal success in 1998–99, publicising not only the \$20+ billion apartheid-era foreign debt but expanding the country's regional consciousness with respect to the \$50 billion "apartheid-caused debt" and destabilisation costs faced by the rest of Southern Africa. Finance ministry bureaucrats were forced onto the defensive about apartheid-debt repayment while social programmes were cut to the bone. In addition, along with left-leaning chapters in Nicaragua, Argentina and Philippines, the Southern African J2000 helped intensify pressure on G-7 leaders in mid-1999, at a time when cutting a highly-conditioned debt-relief deal appeared seductive to northern J2000 leaders and CoNGOs.

^{67.} Peter Galli, 'Investors Wary of ANC Two-Thirds,' *Johannesburg Star Business Report*, 5 June 1999. Corporate pressure on the ANC at the time South Africa's interim and final Constitutions were being drafted included not just property rights but a variety of other fundamental Bill of Rights protections (equivalent to those of natural persons, such as freedom of speech which made it impossible to regulate tobacco company advertising), protection from being taxed at provincial level, and an independent Reserve Bank. Yet contrary to Mobius' implication, none of these were in question in the 1999 campaign.

^{68.} Samir Amin, 'Preface,' in A. Mahjoub (Ed), *Adjustment or Delinking? The African Experience*, London, Zed Press, 1990, pp.xii–xiii. See also his *Delinking*, London, Zed Press, 1990.

^{69.} Alternative national- and regional-scale development policies have been established in several places, including the UN Economic Commission on Africa's AAF-SAP and the 1994 African National Congress *Reconstruction and Development Programme* (as well as other South African economic strategies offered by the Macroeconomic Research Group in 1993 and the Congress of South African Trade Unions in 1996). Such broad development policies should, naturally, follow directly from programmatic and project work being carried out by progressives in the field, because virtually all non-reformist reforms will run into strong opposition from economic policy-makers who are excessively committed to fiscal discipline, deregulating labour markets and

promoting exports at all costs, and thus grassroots ownership of alternative strategies is vital to assuring they have popular durability under Washington Consensus duress.

^{70.} Sam Ginden, 'Rising from the Ashes: Labour in the Age of Global Capitalism,' *Monthly Review*, 49, 3, July-August 1997, p.156, cited in Moody, *Workers in a Lean World*, p.308.

^{71.} Michael Lowy, 'Globalization and Internationalism: How Up-to-date is the *Communist Manifesto?*,' *Monthly Review*, November 1998, pp.25-26.