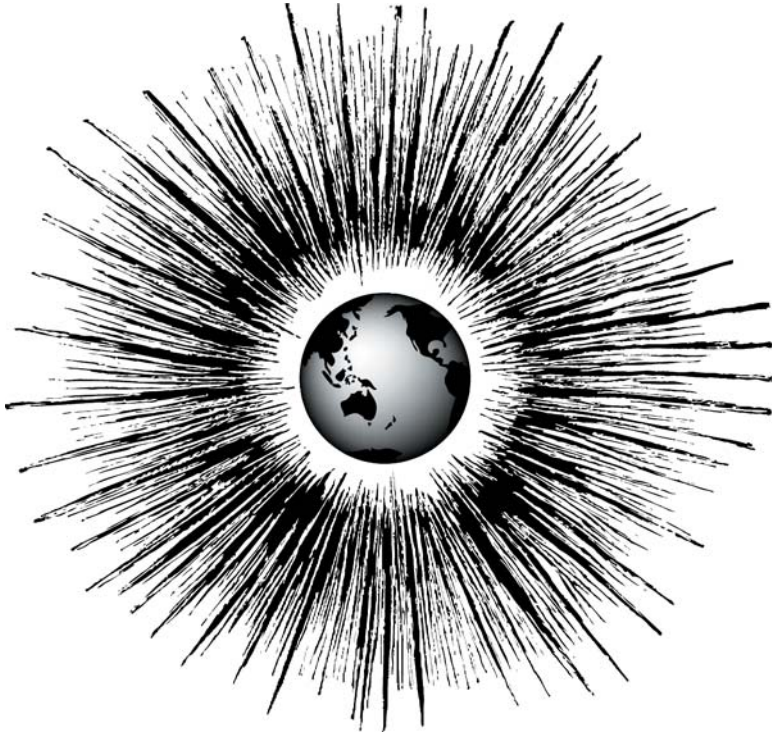


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We especially encourage works that take theory seriously by confronting problems of conceptualization and making definitions of concepts explicit, by formulating hypotheses, constructing axiomatic theories and causal models. Theoretical research programs that combine theory construction with comparative research are badly needed to take the world-systems approach beyond the stage of a perspective.

We also want to encourage the application of comparative, quantitative and network-analytic methods to world-systems research, though we will certainly also publish pieces that do not use these methods. Any empirical study that is deemed relevant to world-systems analysis may be published even if it uses a very different conceptual framework.

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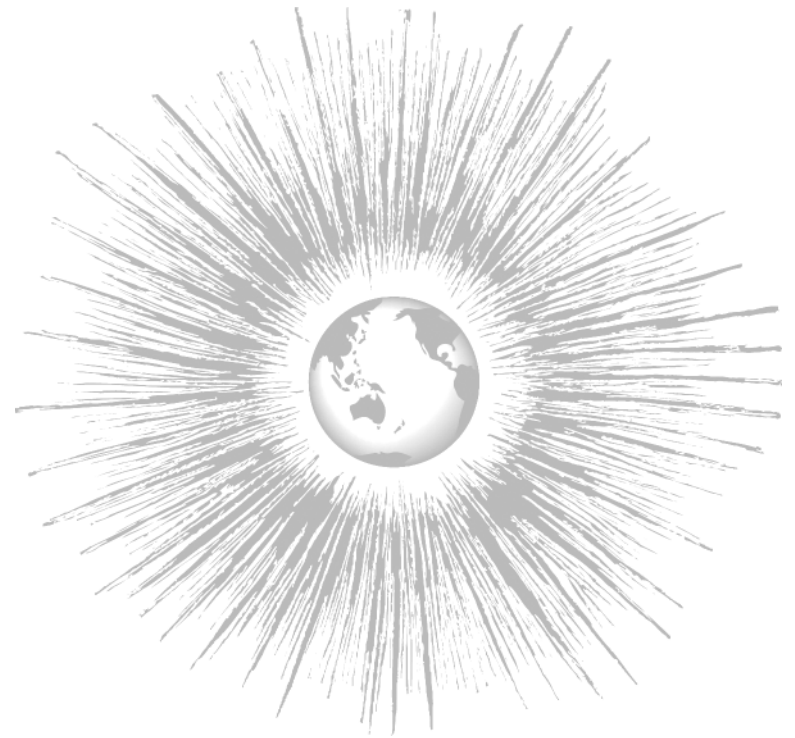
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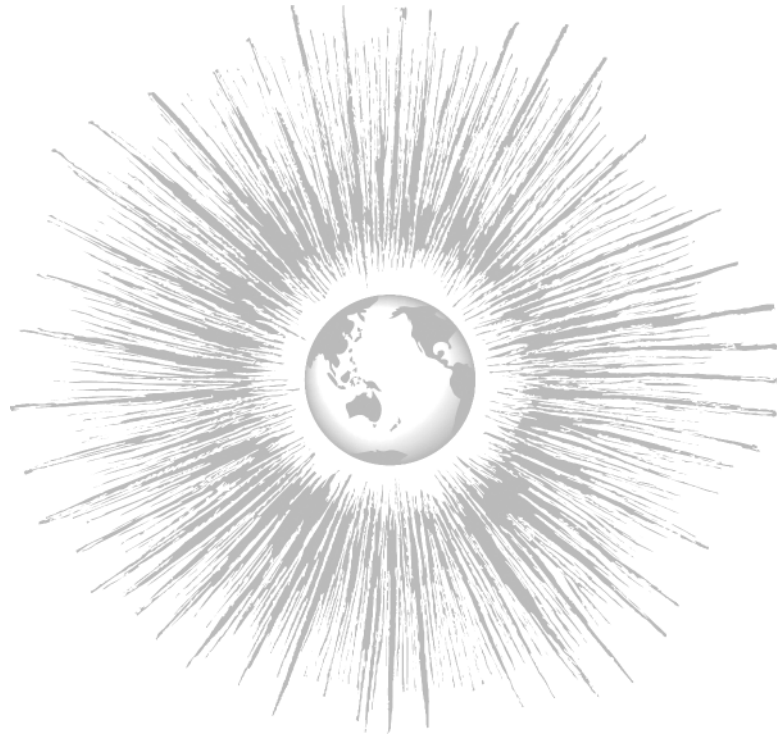
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EAST-WEST ORIENTATION OF HISTORICAL EMPIRES AND MODERN STATES

Peter Turchin
Jonathan M. Adams
Thomas D. Hall



ABSTRACT:

Jared Diamond (1997) hypothesized that if environment is important in limiting the spread of cultures, cultural units would also tend to extend more broadly along lines of latitude than along lines of longitude. We test this hypothesis by studying the range shapes of (a) historical empires and (b) modern states.

Our analysis of the 62 largest empires in history supports this conjecture: there is a statistically significant tendency to expand more east-west than north-south. Modern states also show this trend, although the results are not statistically significant.

INTRODUCTION

In a chapter entitled “Spacious Skies and Tilted Axes” Jared Diamond (1997) argues that crops and domestic animals are spread more easily along lines of latitude (along an East-West axis) rather than along lines of longitude (along a North-South axis). Diamond suggests that East-West spread is easier because similar climates and soil types tend to be arranged in east-west oriented bands. This geographic pattern is fundamental to natural vegetation types and wild animal distributions, and is best illustrated by a map of the global distribution of biomes (Figure 1). A *biome* is a major type of ecological community such as the grassland, desert, or temperate seasonal forest (Ricklefs 2001).

Although Diamond focused primarily on the spread of crop cultivars and domesticated animals, the same principle should influence the military/political, demographic, and cultural dynamics of societies. An obvious example which seems to fit this pattern is the Mongol empire under Chinggis Khan and his

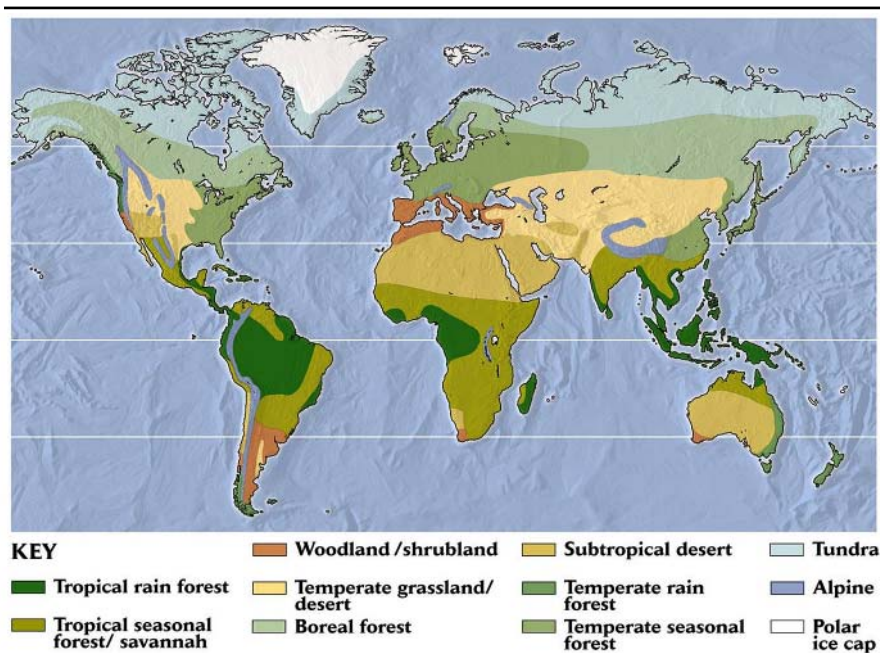
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Figure 1 – Distribution of World Biomes (Ricklefs 2001)



immediate successors; the largest historical empire in terms of contiguous territory. The core of the Mongolian Empire was the Eurasian Steppe that stretches for many thousands of kilometers from the Khingan Mountains in the east to the Carpathians in the west (McNeill 1964). The Mongols were steppe warriors, and they were able to extend rapidly their influence over this whole region (Barfield 1994). The regions inhabited by settled agriculturalists adjacent to the steppe were incorporated more slowly and to a lesser degree than the steppe. For example, the Russian principalities of the forest zone were not occupied by the steppe-dwellers, and were instead subjected to tribute. As a result, the Mongol Empire, based on the steppe, was much wider in the latitudinal rather than longitudinal direction.

The ease of conquest was not the only factor promoting the latitudinal spread of large empires. Societies inhabiting similar ecological zones tend to be more similar to each other than societies located in very different zones. Techniques developed for integrating and controlling a certain type of society should, therefore, be easier to extend latitudinally. There is also a scale aspect to this “ecological factor.” It will be detectable primarily at large geographic scales. Small states or empires, as long as they stay within the same biome, should find

it equally easy (or equally hard) to expand in any direction because the climatic differences in any direction will be minor. A major exception here might be those states which encompass highly varied terrain.

Finally, we note that the latitudinal effect should be much stronger for land-based, contiguous empires than for sea-borne empires. Thus, we would expect stronger latitudinal effect for historical empires than for modern empires. Also as we note below we omit modern colonial empires from the analysis. However we revisit this issue in the conclusion.

ANALYSIS OF THE SHAPES OF HISTORICAL EMPIRES

Territorial expansion by states is, of course, a complex process, influenced by many factors other than the environment. The question of interest here is whether this ecological factor has a detectable effect on the projection of military/political power, or if its influence is lost in the “noise” of complex interactions. To answer this question we compiled a list of all large historical empires with peak territories exceeding 1 Mm² (= 1,000,000 km²), and measured the distances from their eastern to western extremes, as well as from the northern to southern extremes.¹

Many of the historical empires in our analysis rose and fell starting from the same territory, for instance the different Chinese dynasties. However, this does not invalidate the analysis because each dynastic empire had the opportunity to expand either north-south or east-west (omitting repeat empires from the analysis produced substantially the same result).

¹ Our list of large historical states was based on the compilation by Taagepera (1978a, 1978b, 1979, 1997), which has been systematized and posted on the web by Chase-Dunn and coworkers <http://irows.ucr.edu/>. We checked the Taagepera list with all major historical atlases in the library of the University of Connecticut and found eight additional empires that fit our criteria (Axum, Hsi-Hsia, Kara-Khitai, Srivijaya, Maurian, Kushan, Gupta, and Maratha). For historical empires, we used states that peaked before 1900. We excluded the maritime empires of the European Great Powers, because these empires were not contiguous (widely distributed collections of territories). One difficulty in constructing the list was presented by the repeated rise of empires in the same location, such as in China. We adopted the middle road of counting each major dynasty (Han, Tang, Ming, etc.) as a separate empire, but did not distinguish between cycles within any one dynasty (e.g., Early versus Late Han). Analysis of a reduced dataset, which included only the largest empire for each geographic location, yielded qualitatively the same result. This lends support to our argument that successive dynasties had significantly independent opportunities to expand in any direction. See Table 1 for the list of empires.

Table 1 – The Large Historical States Used in the Analysis

Date (peak)	Empire Name	World Region	Area (Mm ²)	Latitude Index
-1300	Egypt (New Kingdom)	Africa	1.00	-1.292
350	Axum	Africa	1.25	0.241
969	Fatimid	Africa	4.10	0.782
1120	Almoravid	Africa	1.00	0.561
1200	Almohad	Africa	2.00	0.864
1380	Mali	Africa	1.10	0.512
1400	Mameluk	Africa	2.10	-0.225
1527	Inca	America	2.00	-1.139
-176	Hsiung-Nu (Hunnu)	Central Asia	9.00	0.818
405	Juan-Juan	Central Asia	2.80	0.740
557	Turks	Central Asia	6.00	1.026
800	Uigur	Central Asia	3.10	0.213
800	Tufan (Tibet)	Central Asia	4.60	0.605
850	Khazar	Central Asia	3.00	0.139
1100	Hsi-Hsia	Central Asia	1.00	0.655
1210	Khorezm	Central Asia	2.30	0.054
1210	Kara-Khitai	Central Asia	1.50	0.362
1270	Mongol	Central Asia	24.00	0.737
1310	Golden Horde	Central Asia	6.00	0.153
1350	Chagatai	Central Asia	3.50	0.383
1405	Timur's	Central Asia	4.40	0.426
-1122	Shang	East Asia	1.25	0.050
-50	China-Early Han	East Asia	6.00	0.661
579	Liang	East Asia	1.30	0.137
715	China-Tang	East Asia	5.40	0.375
947	Liao (Kitan)	East Asia	2.60	0.606
980	China-Sung	East Asia	3.10	-0.164
1126	Jurchen (Chin)	East Asia	2.30	-0.147
1450	China-Ming	East Asia	6.50	-0.138
1790	China-Manchu	East Asia	14.70	0.246
117	Rome	Europe	5.00	0.204
441	Huns (Atilla's)	Europe	4.00	1.003
555	East Roman	Europe	2.70	0.516
814	Frankish	Europe	1.20	0.092
1000	Kiev	Europe	2.10	-0.132
1025	Byzantine	Europe	1.35	0.806

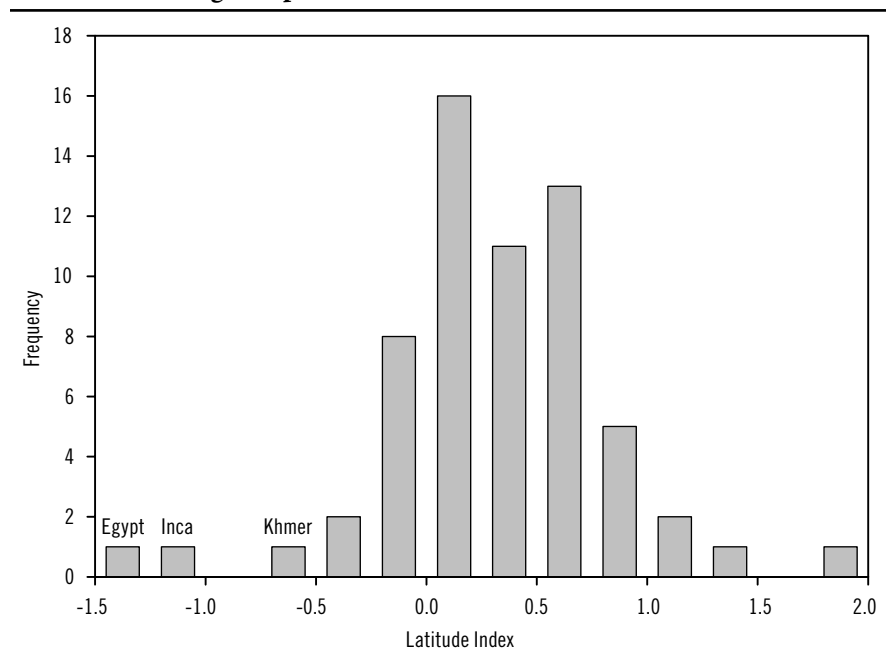
Table 1 (Continued)

Date (peak)	Empire Name	World Region	Area (Mm ²)	Latitude Index
1480	Lithuania-Poland	Europe	1.10	0.079
1683	Ottoman	Europe	5.20	0.320
1895	Russia	Europe	22.80	0.303
1200	Srivijaya	Southeast Asia	1.20	0.272
1290	Khmer	Southeast Asia	1.00	-0.665
-250	Mauryan	South Asia	5.00	0.191
200	Kushan	South Asia	2.00	0.095
400	Gupta	South Asia	3.50	-0.031
648	Harsha (Kanyakubia)	South Asia	1.00	0.668
1312	Delhi	South Asia	3.20	-0.082
1690	Mughal	South Asia	4.00	0.435
1760	Maratha	South Asia	2.50	-0.280
-670	Assyria	Southwest Asia	1.40	1.845
-585	Media	Southwest Asia	2.80	0.141
-500	Achaemenid Persia	Southwest Asia	5.50	0.200
-323	Alexander's	Southwest Asia	5.20	0.478
-301	Seleucid	Southwest Asia	3.90	0.882
0	Parthia	Southwest Asia	2.80	1.374
550	Sassanian Persia	Southwest Asia	3.50	0.292
750	Caliphate	Southwest Asia	11.10	0.730
928	Samanid	Southwest Asia	2.85	-0.194
980	Buyid (Buwahid)	Southwest Asia	1.60	0.142
1029	Ghaznavid	Southwest Asia	3.40	0.689
1080	Seljuk	Southwest Asia	3.90	0.409
1190	Ayyubids	Southwest Asia	2.00	-0.300
1310	Il-Khan	Southwest Asia	3.75	0.664

Our measure of the tendency to expand in the latitudinal direction is the log-transformed ratio of the east-west distance to north-south distance.²

² Log-transformation of the ratio of distances was necessary to make the distribution of the index normal, because the ratio cannot be less than zero. Logically, the metric chosen to quantify the East-West versus North-South spread should give the same magnitude to ratios of 1:10 and 10:1 (but with the opposite sign), and log-transformation accomplishes this. Positive values of the log-transformed ratio, thus, indicate east-west orientation, and negative values north-south orientation.

Figure 2 – Frequency Distribution of the Latitude Index in the Sample of Large Empires



The frequency distribution of the latitudinal index in our sample of 62 historic empires is strongly skewed to the right (Figure 2), and the mean index is significantly greater than zero ($t = 4.83$, $P < 0.001$). The great majority of empires, nearly 80%, have a positive latitudinal index—that is, they are wider in the east-west compared to the north-south direction. There are only three empires that have a strong north-south orientation, and these are the proverbial exceptions that prove the rule. The New Kingdom of Egypt had at its core the valley of a major river running south-north, the Nile. The Inca empire is located on the west coast of South America where ecological zones are longitudinal (see Figure 1) along the Andean mountain chain. We do note, however, that Andean empires, especially the Inca, did transcend ecological zones from the altiplano to the coast, but these are over very short distances. Indeed, many empires, if examined more locally, would also exhibit short range biome diversity. Finally, the Khmer empire was located entirely within the wet tropical forest biome. Thus, even though these three cases do not conform to the rule of latitudinal spread, they obey a more general rule of expansion within an ecological zone.

All of the largest empires (with territory over 10 Mm²) were oriented in the east-west direction. We have already discussed the case of the Mongol

empire. The Islamic Caliphate is a variation on the same pattern, except that the “native biome” of the Arabs was the subtropical desert, rather than the temperate grassland/desert of the Mongols. The next largest state in history after the Mongols, the Russian empire (peak area of 22.8 Mm² in 1895), originated in the transitional zone between the steppe and the forest (ecologists call such transitional zones *ecotones*). When the Muscovite state began to expand in the sixteenth century, it spread fastest precisely within the same ecotone—eastward along the boundary between the Eurasian steppe and northern taiga. Eastward expansion was extremely rapid, so that the Pacific was reached by the mid-seventeenth century. In contrast, the southern advance into the steppes and deserts of Central Asia took a much longer time, and they were conquered only by the late nineteenth century. In addition to ecological considerations the presence of strong pastoral confederacies abetted this slowing (Khodarkovsky 2002). But this is also indirectly ecological since these confederacies, many remnants of the Mongol Empire, depended on a steppe environment to make their living.

Another example of the same dynamic is the early expansion of Rome. The territory of the Roman Empire in the first century B.C.E. coincides almost precisely with the woodland/shrubland biome (also known as the Mediterranean zone). Subsequent expansion took the Romans into the forests of northern Europe. However, severe reverses, such as the battle of Teutoburg Forest in 9 C.E., in which 20,000 legionnaires were obliterated by the tribal Germans (Wells 2003), persuaded the Romans to abandon plans of further conquest. The general rule, thus, seems to be that expansion is easiest and most lasting when occurring within the same ecological zone.

Expansion into other biomes is possible, but more difficult, slow, and requires greater state resources. China is probably the best illustration of this principle. The native biome for China is the temperate seasonal forest,³ and this was precisely the area that was first unified by each of a long succession of Chinese empires. The strength of the Chinese state, however, allowed it to expand into alien biomes. At their peaks the Chinese empires intruded into the steppe (Inner Mongolia, Chinese Turkestan), the alpine biome (Tibet), and the tropical rain forest (Vietnam).

³ It may seem strange to call the Chinese home biome a “forest,” because in present-day China, of course, very few forests are left. Remember, however, that the biome names reflect the types of ecological communities that would be present before substantial human impact. The names are simply a short-hand reference to particular combinations of the climate and soil types. The same principle applies to the “subtropical desert.” Some examples of this biome (e.g. Sahara) extend well beyond the subtropics in the strictly geographic sense of the word.

ANALYSIS OF THE SHAPES OF MODERN POLITICAL STATES

Is the influence of ecology detectable in the shapes of modern states? At first glance, no. The average latitude index for the 29 modern states whose territory exceeds 1 Mm² is positive, but not significantly different from 0. However, if we exclude South American countries, where biomes extend in the longitudinal direction, the statistical test indicates that the pattern is detectable even today ($t = 2.66$, $P = 0.014$). The tendency to east-west orientation in modern countries, nevertheless, is much weaker than for historical empires. There are multiple reasons for this. First, most modern colonial states were sea-borne and not land based. Second, modern transportation technology made and continues to make long-distance travel much cheaper (Ciccantell and Bunker 1998; Bunker and Ciccantell 2005a, 2005b). Third there has been a propensity among colonial states to claim territory that is either not inhabited by the home populations, or little used, or being held in reserve for future use. A striking example of this tendency is Canada, whose population is squeezed into a narrow band running east-west along its southern border with the US, but which nevertheless claims extensive territories in the Arctic. Because of the addition of these lands, which are very sparsely populated, the latitudinal index of Canada is slightly negative. Algeria and Lybia provide other examples of the same tendency—their populations are largely confined to the east-west band along the Mediterranean littoral, but their latitudinal indices are essentially zero, because they claim huge territories to the south, in the Saharan desert.

Fourth, and probably the most important in world-system terms, with advent of industrial technology and the rise of modern capitalism, states intentionally sought new resources (Bunker and Ciccantell 2005a, 2005b). Where those resources were ecologically based, increased biological and ecological diversity became a desiderata if not an explicit goal. This marked a significant change in world-system logic as argued by Chase-Dunn and Hall (1997).

CONCLUSIONS

Our results indicate that the physical and biological environment has a detectable effect on the shapes of historic states and to a lesser extent on modern states. It appears that projection of military/political power is easier within the same ecological zone (biome). This, however, does not support “ecological determinism.” Although ecology is important, its influence on state expansion patterns is transmitted by social mechanisms which can either abate, or sometimes overturn these ecological effects. Despite the complexities of the human world, certain techniques and ideas from ecological sciences have proven to be fruitful in suggesting novel approaches to the study of social systems (Turchin

and Hall 2003; Hall and Turchin 2007). Diamond’s original insight, which motivated our study, is one example. Another is the recent demonstration that cultural variability exhibits a latitudinal gradient (Pagel and Mace 2004). Our results also have interesting implications for the study of historical dynamics (Turchin 2003).

Researchers working within the world-system paradigm have noted that the rise and fall of populations, cities, and empires is characterized by a broad-scale synchronicity (Chase-Dunn and Hall 1997, Chase-Dunn et al. 2000; Chase-Dunn, Hall, and Turchin 2007). For example, there is a substantial correlation between the dynamics of Western Europe and China. On the other hand, South Asian dynamics are completely uncorrelated with the rest of Eurasia. Our finding that the propagation of “signals” within military-political networks is facilitated in the latitudinal, but not longitudinal, directions suggests another possible explanation for this pattern.

Finally, these results support the arguments originally advanced by Wallerstein (1974, 2004) and elaborated by Chase-Dunn and Hall (1997). Contra Frank and Gills (1993), there was significant break in world-system logic with rise of modern capitalism. It is here evidenced in an attenuation of the latitudinal, or ecological, effects on shapes of states and empires with the rise of industrial capitalism. The logic of capitalist accumulation of capital⁴ emphasizes ecological diversity over contiguity, shored up by radical decreases in transportation costs and regimes. It remains fascinating, yet problematic, that even in modern states there is still some residual ecological effect. This is a topic that warrants further, and more nuanced, research than the broad-brush analysis presented here.

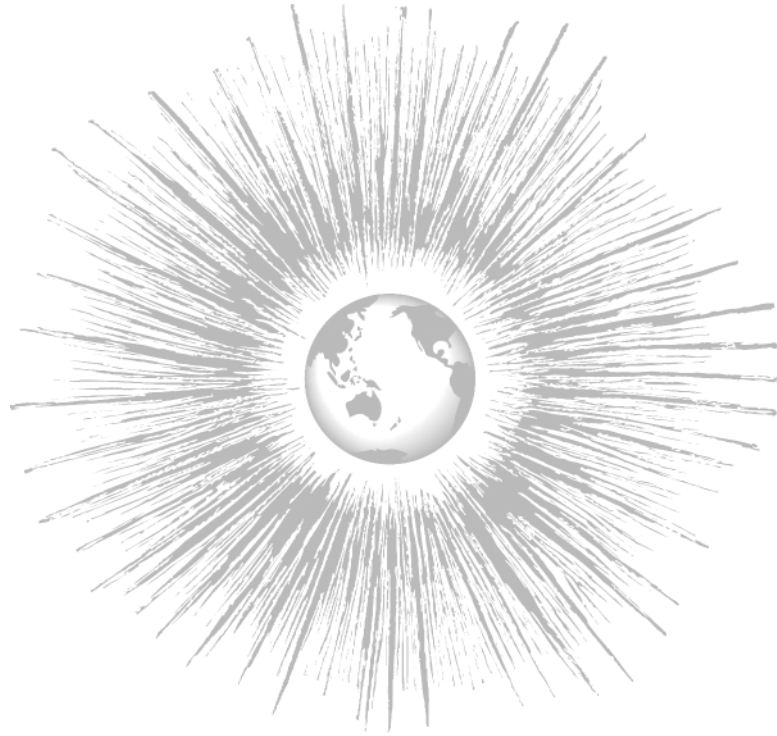
⁴ The phrase “capitalist accumulation of capital,” which comes from Chase-Dunn and Hall (1997), serves to distinguish capitalist modes of accumulation from tributary or kin modes of accumulation. Our point is that the logic of capitalist accumulation emphasizes ecological diversity much more than any other mode of accumulation, thus overcoming much of the latitude effect.

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DIACHRONIC FRONTIERS: LANDSCAPE ARCHAEOLOGY IN HIGHLAND ALBANIA*

Robert Schon &
Michael L. Galaty



ABSTRACT:

The modern practice of archaeological survey—regional, intensive, diachronic, and interdisciplinary—is well-suited to the study of frontiers. In this paper we provide the example of the Shala Valley Project, which studies the northern Albanian mountain valley of Shala, home to the Shala tribe. Northern Albania is the only place in Europe where tribal societies survived into the 20th century. We attribute their survival to the frontier position of northern Albania, wherein tribal chiefs controlled access to and through valley

systems. Shala provides a classic example of a “refuge” society, perched within a strongly contested peripheral zone. The tribe actively and creatively resisted state incorporation during both the Ottoman (Early Modern) and Modern periods. The northern Albanian frontier may have formed much earlier, though, perhaps as early as the Bronze Age. We bring a broad array of evidence to bear on this question, drawn from the ethno-historical, excavation, and of course, survey-archaeological records.

INTRODUCTION

Modern frontier studies began over a century ago with Frederick Jackson Turner’s presentation of “The Significance of the Frontier in American History,” delivered in 1893. In this now iconic paper, Turner not only outlined a general concept of the frontier, but also called attention to the variability of cultural encounters in frontier zones and their bidirectional transformative power. Subsequent scholarship focused more on the former aspect of Turner’s thesis: the frontier as “the outer edge of the wave—the meeting point between savagery and civilization,” and less on the latter: “the wilderness masters the colonist” (Turner 1920 [1893]: 34).

More recently, frontier researchers have reoriented their perspective on frontiers from ‘edges of advancement,’ to ‘zones of contact and interaction’ (e.g.,

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Hall 1986, 1998, 2000, 2001; see also Kardulias (1999), in particular the idea of 'negotiated peripherality'). With this reorientation, and given historical, ethnographic, and archaeological data of finer resolution that allow us to see better what goes on in contact zones, scholarly thinking about how frontiers form and develop has changed. Culture contact is no longer seen as a unidirectional process in which indigenous groups are passive recipients of the cultural norms of expanding empires (Lightfoot and Martinez 1995). Rather, a multitude of case studies illuminate the complexity of interactions that occur in frontier zones and call attention to the transformations that take place on either side of notional boundaries (see examples in Chase-Dunn and Hall 1997; Hall, ed. 2000).

Over the last couple of decades, many archaeologists have adopted this new perspective (e.g., Parker 2006; Stein 1999, 2003; Schortman and Urban 1992; Wells 2005). Culture contact leaves its mark in the material record, and as a result, it is a process that archaeology is well suited to study. As with other disciplines that examine frontiers, model building and finer data resolution highlight the complexity of frontier zones and cause them to evade monolithic definition. While this may seem problematic, we welcome this complexity. In this paper, we focus on one aspect of frontier studies (indigenous responses to imperialism) and one region where culture contact has taken place (northern Albania) in order to demonstrate the utility of investigating frontiers through archaeology.

FRONTIERS AND ARCHAEOLOGICAL SURVEY

The goal of this paper is to demonstrate how regional survey data can be employed to elucidate aspects of culture contact in frontier zones. We set out to achieve this goal by first briefly presenting the aspects of regional survey in general that can directly inform the study of culture contact. And second, by presenting as a case study the preliminary results of our own fieldwork in highland Albania.

Archaeological survey is an ideal technique with which to study contact zones. In the first place, it is regional in scale—as are frontiers. A survey project can construct its sampling universe to encompass an entire zone where contact occurred, rather than focusing on isolated sites within that broader spatial arena. Secondly, archaeological survey is diachronic. Frontier zones in one period are often frontier zones in other periods as well. The diachronic study of a single region with multiple episodes of culture contact can be highly illuminating. Thirdly, regional survey can be interdisciplinary in approach, including not just archaeologists, but historians, ethnographers, and geo-scientists as well.

Fourth, and finally, surveys collect data about settlement patterns, landscape change, and patterns of land use that pertain to the individuals most affected by frontiers: those who lived in them, so-called 'people without history' to paraphrase Wolf (1997).

In this light, our project, the Shala Valley Project (SVP),¹ parallels Lightfoot's approach at Fort Ross of a "holistic, diachronic, and broadly comparative" examination of culture contact (Lightfoot 1995: 202). The SVP combines all of these factors in order to study one small frontier zone: it is regional in scope, diachronic and interdisciplinary in approach, and is gathering multiple lines of evidence to demonstrate how people living in a high-mountain valley successfully resisted incorporation by multiple external powers.

THE SHALA VALLEY PROJECT

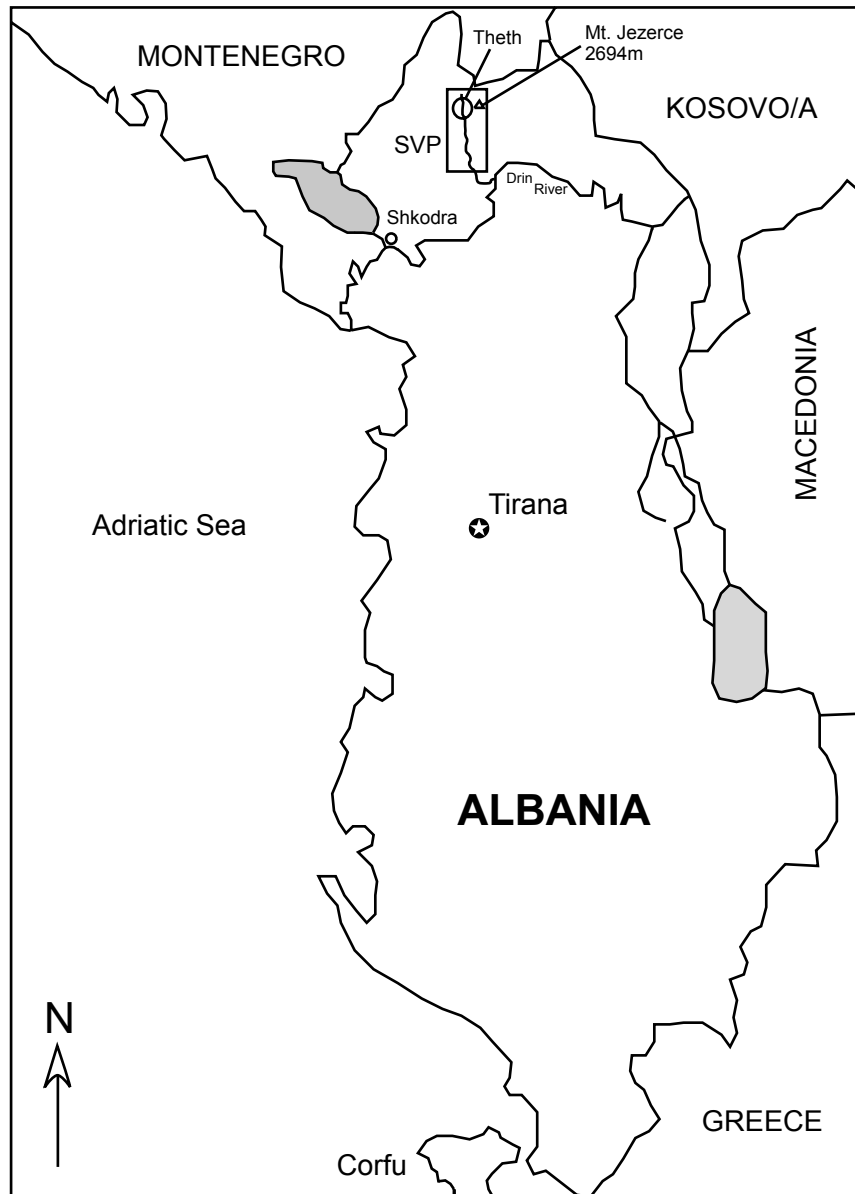
Albania is a small country located along the Adriatic coast of the Balkan Peninsula between Greece to the south and the former Yugoslavia to the east and north (Figure 1). The northern high mountains are typically described as being extremely remote. For example:

[Northern Albania is] among the wildest and most inaccessible [areas] of the Balkan Peninsula and peopled for the most part by savage and fanatical mountaineers. (Sir Arthur Evans 1885, quoted in Hammond 1976: 35)

The degree to which the mountaineers of northern Albania have or have not been isolated from the outside world is open to question. Our initial research indicates that materials and people moved in and out of the mountains with relative ease. That said, if the people of Shala had wanted to isolate themselves, they certainly had the means to do so; the mountains that surround the valley approach 3000 meters and can be crossed only via a small number of high-altitude passes. The southern entrance to the valley is at a point where the Shala River cuts through the mountains between spectacular cliffs, the 'Gates of Shala.' Sealing the valley would have been a relatively easy matter and in fact was done (with tree trunks) in the early 20th century when the Montenegrins invaded Albania and took Shkodër (Durham 1914: 15, 27, 35). Extreme isolation may help to explain the origins and persistence in northern Albania, Shala included, of so-called 'tribal' societies (see Boehm 1983, 1984a, 1984b regarding similar societies in Montenegro). However, we also suspect that their position in a frontier zone might help to explain the formation and preservation of the northern Albanian tribes.

¹ See <http://www.millsaps.edu/svp>.

Figure 1 – Map of Albania Showing Location of the Shala Valley



In the Dukagjin region of northern Albania, oral customary laws regarding kinship relations and tribal political organization were codified by a 15th century chief named Lekë Dukagjini. The *Kanuni i Lekë Dukagjinit* was not transcribed in full until the early 20th century by a Franciscan priest, Father Shtjefën Gjeçov (1989; see also Hasluck 1954). Today, aspects of the tribal system continue to operate in places like Shala, in matters of kinship, such as marriage and inheritance for example (Odile 1989; Whittaker 1968, 1976). Large households (*shpia*) organized into neighborhoods (*mehalla*) share patrilineal descent from a common apical ancestor thereby forming exogamous segmented clans (*fisi*). Several neighborhoods and *fisi* together compose a single village. Political power is vested in the person of the family patriarch (*zot i shpi*). Family heads are appointed or elected to a village council (*kuvend*) that makes decisions of importance to the whole community. A single council member is elected 'headman' or *kryeplak*. In Ottoman times, several villages and *fisi* might be politically joined in a *bajrak* (a 'banner') led by a *bajraktar* (a 'banner chief'). *Bajraks* formed loose tribal confederations; e.g. those of the Shala 'tribe' joined Shosh, Shala's nearest neighbor to the south, and several other tribes, to form the Dukagjin 'confederacy' (*farë*), one of ten tribal confederations in northern Albania.

Life in Shala is difficult. The climate is Continental to Alpine and the winters are long and hard. The economy is currently built around sedentary agro-pastoralism (i.e. 'mixed' village farming; see Halstead 1990) and functions at or just below subsistence levels; government aid or remittances from overseas relatives bridge the gap. Settled agro-pastoralism and tribal socio-political organization together have had a profound effect on Shala's landscape and built environment (Plate 1). Large stone houses, some of them fortified (*kulla*, small-windowed towers that provide protection and sanctuary to wanted men), dot elaborately terraced foothills. Fields are irrigated and run-off is controlled by a complex system of small dams and canals. Property boundaries are marked by stone walls and fences, and deeply entrenched, clearly very old paths link fields and homes.

During the summers of 2005 and 2006, the SVP conducted research in the village of Theth (which is divided into nine neighborhoods), located at the upper end of the Shala Valley, and in lower Shala, in the neighborhoods of Nderlyhaj, Gak, Lekaj Musha, Gimaj, and Nen Mavriq (Figures 2 and 3). We intensively surveyed all of the cultivated or cleared land in both areas (circa 4 sq km in 683 tracts, 15-m walker spacing). Many of the forested areas around neighborhoods were surveyed extensively, as were several of the high-altitude pastures. In Theth, all visible architecture (460 structures) was located and recorded. All structures were mapped and photographed, and many were drawn. At the time of archaeological and/or architectural survey, preliminary interviews were

Plate 1 – View of the Ulaj, Kolaj, and Grunasi Neighborhoods (mehalla) of Theth Village, Looking South



conducted with the land- and/or home owners. Heads of 26 households later participated in much longer, more detailed interviews (composed of questions relating to family and social structure, local history, land use, economy, migration, and change) conducted by the two project ethnographers. The picture of Shala, past and present, that is emerging from our fieldwork is an intriguing one.²

RESULTS

Evidence for prehistoric settlement in the valley is confined to the Middle Paleolithic period (Figure 3; SVP Site 001) and perhaps to the Bronze and Iron Ages (Figures 2 and 3; SVP Site 006, and perhaps Sites 002, 005, and 008). There are two major historical periods during which we know that our study region was a frontier: the Ottoman period and the period during which the Albanian

² The architectural survey will recommence in lower Shala in 2007. Ethnographic interviews have taken place primarily in Theth, but will be extended south in 2007. Our goal is to survey archaeologically the whole Shala tribal territory, from the headwaters of the river in Okol to the Gates of Shala. About two-thirds of the territory has been surveyed thus far.

Figure 2 – Map of Tracts and Structures Surveyed by the Shala Valley Project in 2005

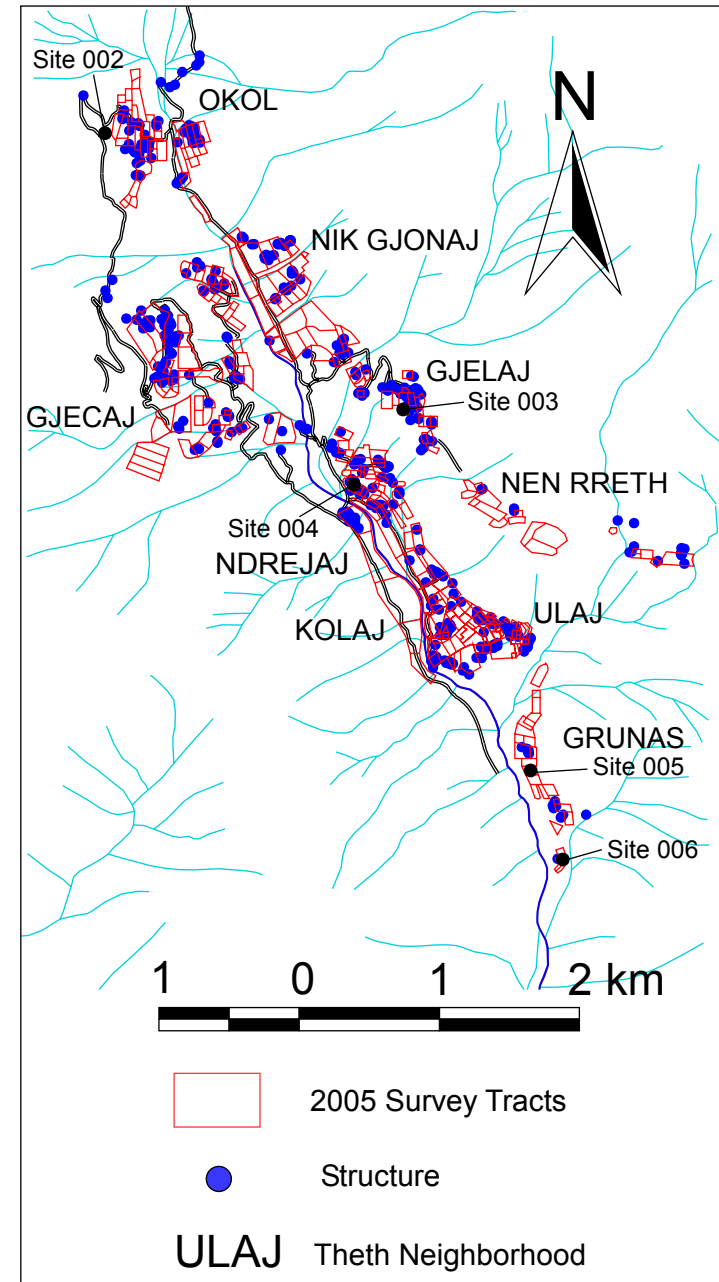
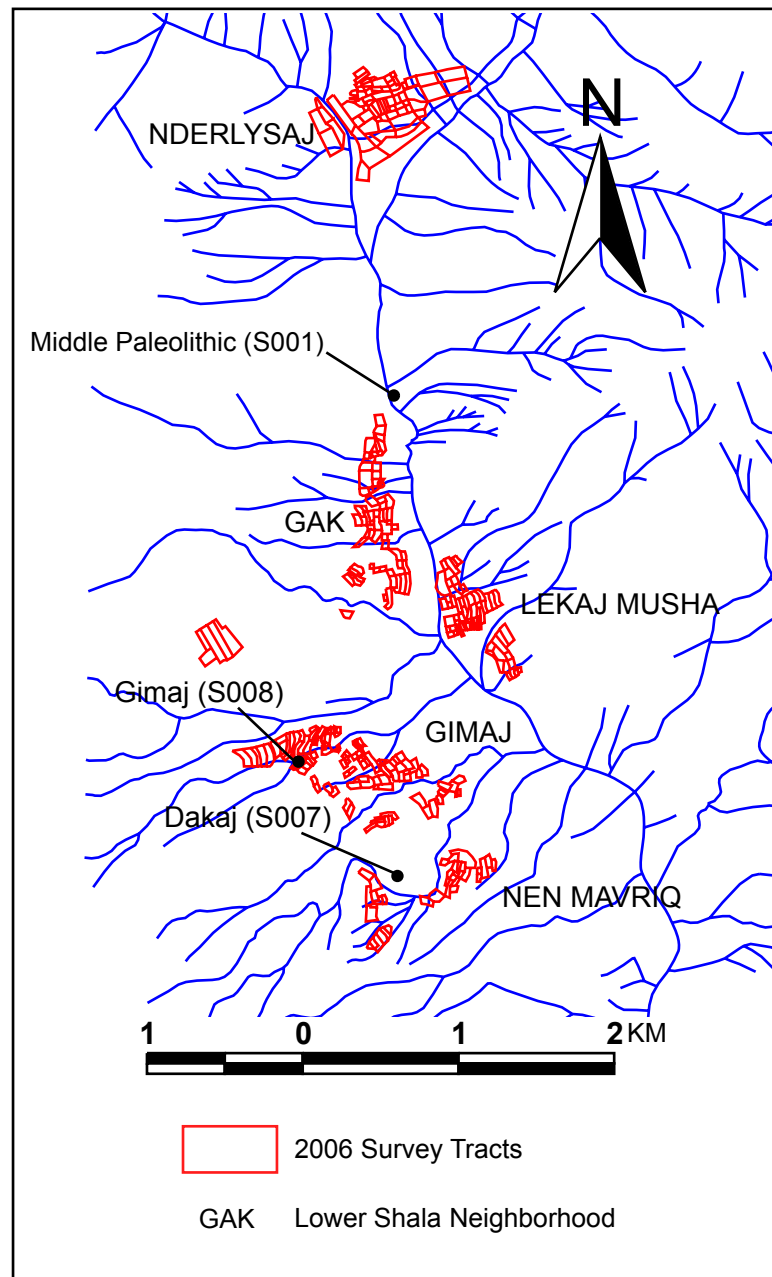


Figure 3 – Map of Tracts and Structures Surveyed by the Shala Valley Project in 2006



nation state formed (first under King Zog and subsequently under the totalitarian Communist dictatorship of Enver Hoxha). The situation in Shala during the earlier historical periods (e.g., during the Roman and Byzantine periods) is unclear, but it may be that the valley was abandoned during this time, or only used on a temporary, seasonal basis.³

In both the Ottoman period and during the early 20th century imperial powers encroached upon the territory of local, tribal groups with the goal of incorporating them into their bureaucratic systems. The relationships between tribes were mitigated by local politics, but also by outside forces. When an external group impinged on their territory, local differences were put aside to react to the greater threat. Thus, the activity of core states within the northern Albanian frontier had strong and lasting effects on the region's socio-political systems.

Prehistoric Shala

Humans (in this case *Homo sapiens neanderthalensis*) first entered Shala during the Middle Paleolithic period, probably during the last interglacial (circa 131,000–114,000 years ago) when the mountains would have been free from permanent ice and snow cover. In 2004 and 2005 we collected stone tools of classic Mousterian type at SVP Site 001 (Figure 4). The valley would not have been inhabitable in Upper Paleolithic times, and we have found no evidence for Mesolithic or Neolithic occupation.

At the tail end of the 2005 field season, we identified a small structure at the southernmost tip of the neighborhood of Grunas in Theth (Figure 2, Plates 2 and 3). The architectural survey indicated that the ruined building was unlike any other known structure in Shala. As a result the site (dubbed SVP Site 006) was subjected to test excavations in 2006.⁴

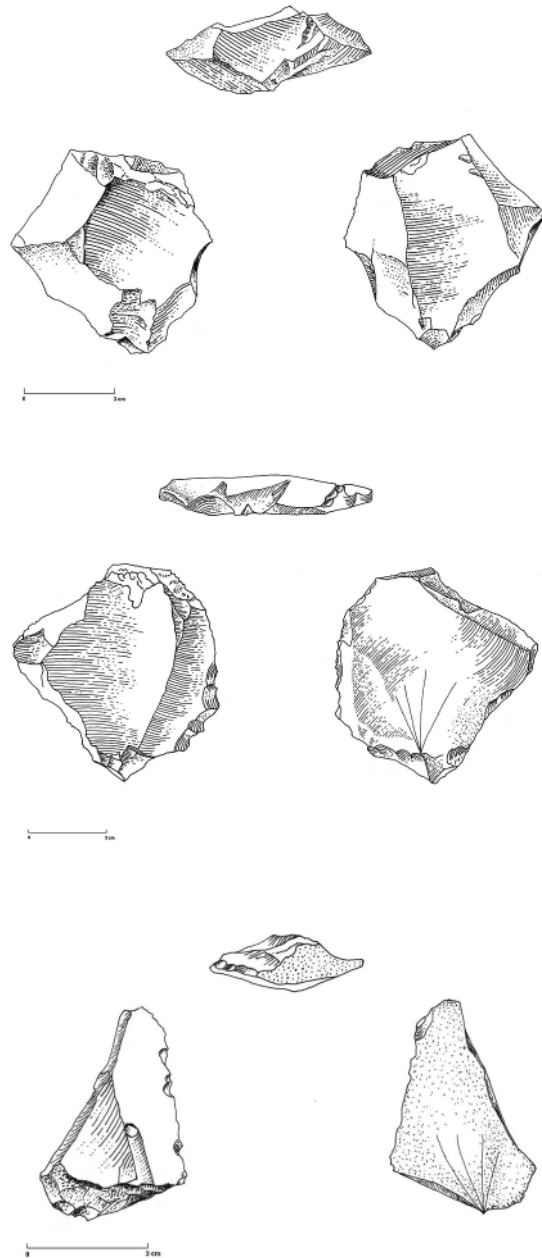
Preliminary results indicate that Site 006, which actually is composed of five different structures and is associated with various terraces and walls, is probably Late Bronze Age and/or Early Iron Age in date (circa 1000 BC; Figures 5, 6, and 7). In four test units and eleven shovel tests, we found many pieces of dark

³ SVP Sites 003 and 004 are Early Modern scatters of pottery associated with existing and ruined house compounds. SVP Site 007 is the Late Medieval fortress of Dakaj, discussed below. See Figures 3 and 4.

⁴ A longer report on the excavations at SVP Site 006, with maps and photos of artifacts, is available at the project website:

<http://www.millsaps.edu/svp/SVP%20final%20report%202006.pdf>

Figure 4 – Middle Paleolithic Stone Tools from SVP Site 001



red, burnished pottery that is similar to prehistoric pottery found elsewhere in northern Albania. At the very top of the cultural horizon we found a few small lumps of iron. Stone tools, including one flake of tan chert that may have been imported, and fragments of bone were found throughout. There also was a substantial amount of charcoal, and we have submitted samples for radiocarbon dating.⁵

One interesting aspect of Site 006 is that it is located in a defensible, strategic position at a natural choke point in the valley. The site is protected on the west by the Theth River, which passes through a deep gorge at this point, and steep cliffs. To the north of the site is a hill which is spanned by the remains of large, rubble walls. The eastern edge of the site appears to have been fortified (Figures 5 and 6), though we cannot yet be certain that the walls and terraces at the site are prehistoric.⁶ The spur of land upon which the site is situated comes to a point at its southern end, which looks out over the lower part of the valley.

Our working hypothesis is that Site 006 was a late prehistoric stronghold that controlled access to the northern reaches of Shala. It may be that the pastures at Theth were intrinsically valuable and worth controlling. Or it may be that as early as the Bronze Age the Shala Valley constituted an important transportation route for people—shepherds, traders, warriors—moving back and forth between the valley of the Drin River and points north, in Montenegro.⁷ Thus, it is possible that already during the late periods of prehistory and just prior to Roman conquest (the first Roman incursions in northern Albania occurred in 229 BC), Shala filled a frontier position, perched between competing ‘Illyrian’ power centers to the south and west along the coast between Shkodër and Dalmatia and to the north and east in interior Montenegro and Kosova. Whatever the case, the valley appears to have been abandoned in Roman and

⁵ The pottery from Site 006 is similar to two pieces of pottery found in 2005 near the rock shelters at Okol in Theth (Site 002). Site 005 is a ring of five large stones embedded into the ground around a central stone. It is near Site 006 and so may be prehistoric. Site 008 is complex of large, overgrown walls located in the neighborhood of Gimaj, possibly prehistoric. Sites 005 and 008 will be shovel-tested in 2007.

⁶ We plan to study and perhaps date the walls and terraces at Site 006 using various geophysical methods, including magnetic susceptibility and radiocarbon dating. This will take place in 2007.

⁷ The Drin River valley is located to the south of Shala and in ancient times was the main east-west corridor between the Adriatic and the Balkan interior, Kosova in particular (Baçe 1976; Hoxha 2003; Palavestra 1994; Përzhita 2001; Përzhita and Hoxha 2003).

Plate 2 – Panoramic View of SVP Site 006 from Above and to the East



Byzantine times, fully so by the beginning of the Slavic migrations in the 6th century AD.

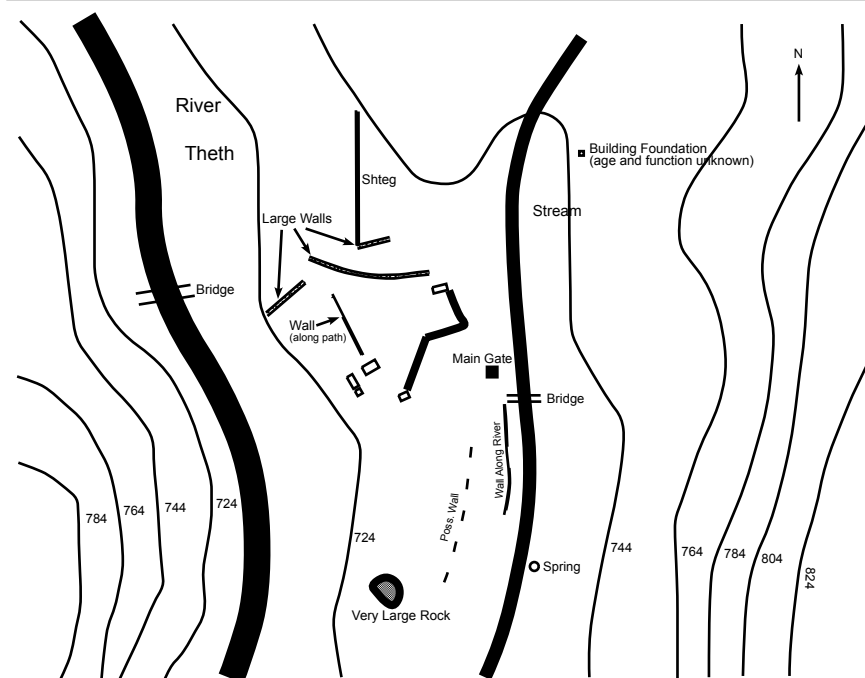
Ottoman

According to tradition, the ancestors of Shala's modern occupants arrived in Late Medieval times (sometime before AD 1500), having fled Ottoman persecution elsewhere. As a result, Shala may constitute a so-called 'region of refuge' (Beltran 1979; cf. Boehm 1983, 1984; Hall 2000: 241). Many of the oldest houses in Shala (some in ruins, many bearing elaborate carvings, a few associated with Late Medieval and Early Modern pottery) mark the valley's first neighborhoods (parts of Gak, Gimaj, and Lekaj in lower Shala, and perhaps slightly later, Okol, lower Gjelaj, and Kolaj/Ulaj in Theth) and architectural survey indicates their gradual expansion as households grew and split.

About the time the first villages were established a fortress was built atop a prominent peak in the neighborhood of Dakaj (Figure 3 and Plate 4). In 2006 we carefully mapped the entire site (SVP Site 007; Figure 8). Our survey produced a large collection of pottery, all of which seems to date to the Late Medieval period (AD 1200–1500). Much of the pottery is glazed and decorated, some with incised lines and/or combing, while some is heavily-tempered, coarse cooking ware. We also found ceramic wasters and pieces of iron slag, which may indicate on-site production of pottery and iron tools. Dakaj, it seems, was not simply a fortress or refuge site but it had an industrial function as well.

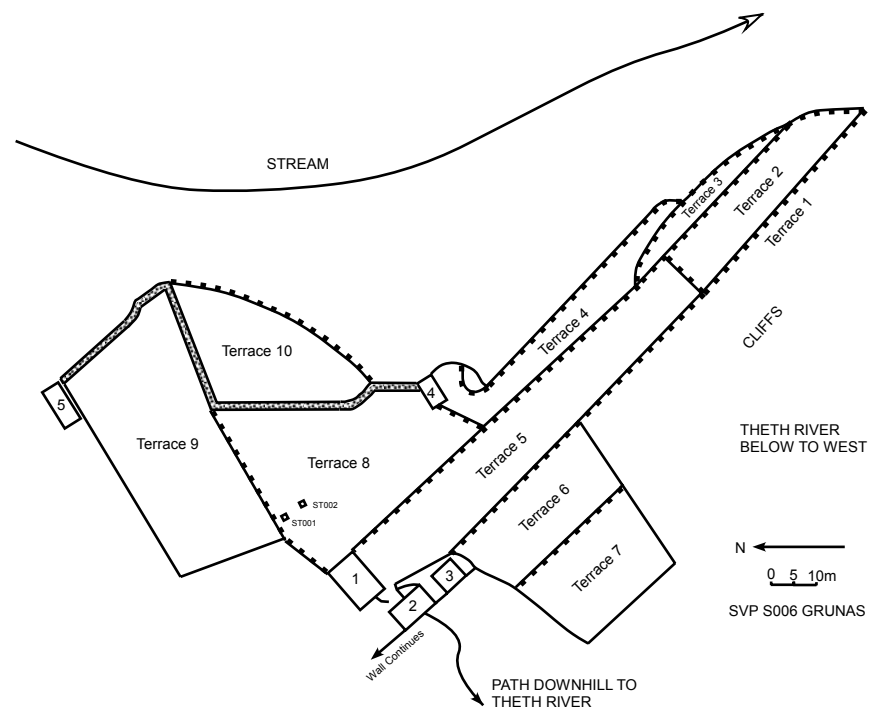
The site retains some of its circuit walls (Figure 8), but local landowners indicate that wall stones had been carted away to build nearby houses. There are also the remains of at least two, perhaps more, large building complexes.

Figure 5 – Map of the Hinterland of SVP Site 006



These were likely residential (given the presence of cooking wares and industry), but according to local tradition, a church once existed at Dakaj. Careful surveys of the fields that ring Dakaj (Figure 3) produced no artifacts, so it is not clear whether Medieval houses or a village existed somewhere in the direct vicinity of the site. Certainly the site is well situated for defense and monitoring of the valley. There are excellent views in all directions. It is unclear, however, who controlled Dakaj: local elite, representatives of Venetian interests, or church officials are all possibilities. Continued work at Dakaj, as well as archival research, may help answer this question. In any case, the Late Medieval settlement system is dominated by one large site, Dakaj, repeating a pattern established in the Bronze Age at Grunas. It may be therefore that Dakaj and Grunas served a similar function: control of movement into and through the valley. The ability to isolate and protect the valley took on even greater significance in the coming centuries as the Ottomans put increasing pressure on the northern tribes. Ottoman encroachment triggered several interesting responses on the part of Shala's inhabitants in the areas of economy, land use, and social organization.

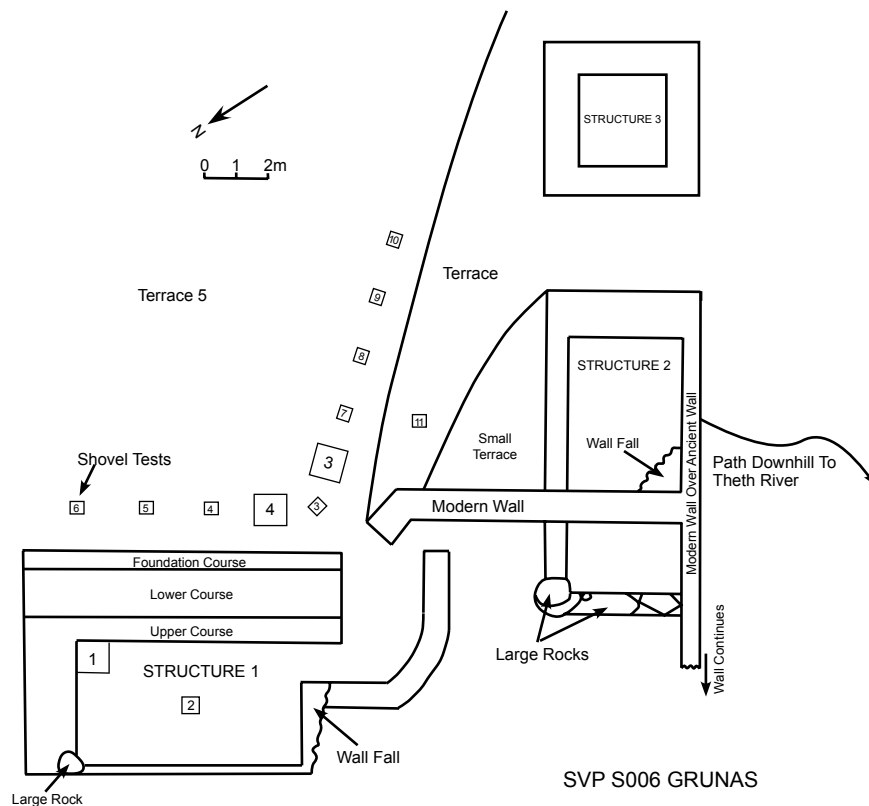
Figure 6 – Map of the Immediate Vicinity of SVP Site 006



Given northern Albania's geography, climate, and environment, we might predict some form of long-distance, seasonal transhumance of the type that exists, for example, amongst the Koutsovlachs of the high Pindos range of Greece (Chang 1992; Chang and Tourtelotte 1993), but Shala's inhabitants are fully sedentary village farmers. One important question, then, is why year-round village agro-pastoralism developed in Shala in Early Modern times. It may be that Ottoman attempts to incorporate northern Albania and Albanians, through forced conversion to Islam for example (which began in earnest in the 16th century; Pollo and Puto 1981: 90), encouraged a retreat to high valleys, such as Theth. This is the story villagers tell. But flight from Ottoman persecution cannot have been the only factor driving migration to and year-round settlement in northern Albania. Another plausible explanation is that changes in settlement and land use elsewhere in Albania and nearby regions spurred indirectly socio-economic change in Shala.

For example, in the 15th century, the Ottomans extended the *timar* system (whereby Ottoman soldiers [i.e. *sipahis*] managed tracts of land for the Sultan) from south and central to north Albania causing population displacements

Figure 7 – Map of Structures 001-003 at SVP Site 006 Showing Location of Excavation Units and Shovel Tests



and a change in systems of land tenure (Pollo and Puto 1981: 64, 66, 88–89; Winnifrith 1992). As a result, people may have moved deeper into the mountains not only to escape forced conversion, but also to avoid becoming landless serfs tethered to foreign landlords. With increased immigration, population centers in the mountains may have become larger and access to resources, such as good land, circumscribed. In Theth, as in northern Albania generally, the response was agricultural intensification, perhaps through terracing and irrigation. Investments in the built environment created the landscape visible today. As the landscape became more structured so too did the socio-political system. It was at this time that the tribal system as recorded in the *Kanuni i Lekë Dukagjinit* probably evolved, a dynamic, social response to the pressures and possibilities of life in a frontier zone.

One major difference between seasonally-transhumant Koutsovlachs and settled, high-altitude Albanian agro-pastoralists is that the Vlachs do not pos-



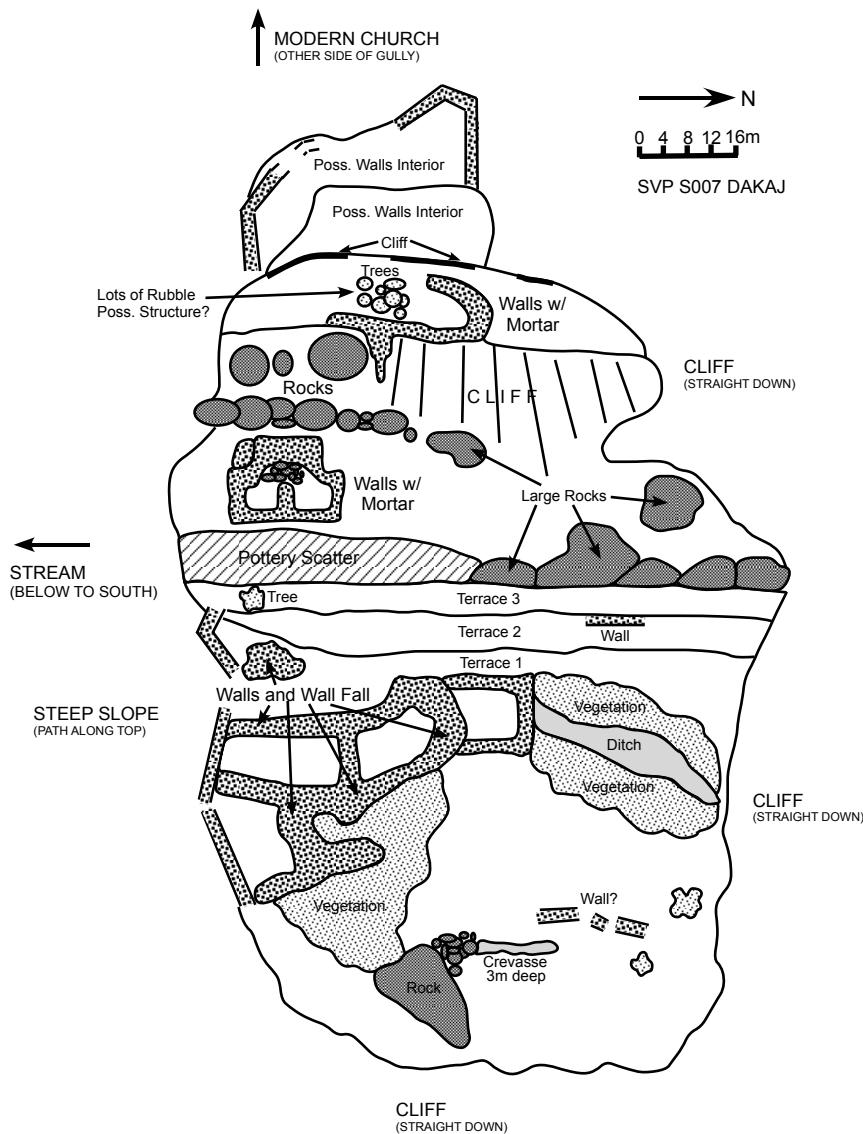
Plate 3 – Panoramic View of Structures 001–003 at SVP Site 006 from the East

Plate 4 – Dakaj (SVP Site 007) from the North



sess tribal political organization (Chang and Tourtollette 1993: 250), whereas the Albanians do. This may be due in part to population pressure and greater resource scarcity in the Dukagjin as compared to the Pindos, requiring a more complex system of land management, but there are equally important historical reasons for the existence and persistence of Albanian tribes. Unlike northern Albania, Vlach kinship relationships and political systems are only very loosely defined. In Ottoman times Vlach herders were well-integrated into the larger regional economy; greater freedom of movement allowed a flexible Vlach economy that responded to risk through regional exchange. Conversely, northern Albanians typically have resisted economic and political integration. In fact, there is good evidence that the Ottomans deliberately discouraged integration by exploiting tribal rivalries. Economic and political competition reduced the possibility of tribal confederation and coordinated, mass uprisings (as had happened under Skanderbeg, the leader of the 15th-century Albanian resistance movement). Ottoman officials actually created the *bajrak* system (in the late 18th century; the first written reference to *bajraks* is from 1783; Ulqini 1991: 167) so that 'banner chiefs' might be played one against the other (Plate 5). In this social atmosphere—population growth and/or movement, shifts to sedentary village agro-pastoralism, scarce resources, increased investment in landscape management, increasingly circumscribed grazing territories, Ottoman political meddling—the kinship and tribal systems were not abandoned, as might have

Figure 8 – Map of Dakaj



happened with full incorporation into the world-system (Galaty 2002); rather the customary laws that defined social and political relationships were codified in the *Kanun*, which was then strictly enforced, which is exactly what Hall (2000: 241) predicts for so-called 'regions of refuge.' It may be that as conflicts between political segments intensified a 'juridical' solution was sought.

Formation of the Nation State

The northern tribes were a political force in post-independence Albania (Vickers 1999). King Zog (*neë Zogu*), who ascended to the throne in 1928, was a chief of the powerful Mati tribe. In the interest of regional stability, it was the goal of various western governments to aid in the establishment of a stable Albanian state and the northern Albanian frontier played a key role in the national and international power struggles that accompanied the establishment of a centralized government in Tirana. Tribal politics were primarily local in scale, however tribal leaders were well aware of the ramifications of impending Albanian statehood. As the Tirana Government (as it was called) took form it sought to incorporate the northern highlands into its political and administrative structure. The northern tribes saw the Tirana Government as another external body attempting to impinge on their territory and curtail their traditional lifestyle (Lane 1923). In order to succeed, the central government knew it would have to appease and subdue the country's major social classes: the northern highland tribes (consisting primarily of Catholic and Sunni Muslim pastoralists), the urban Orthodox and Catholic middle class, and the lowland Shiite peasants—remnants of the Ottoman feudal system. In this regard, the perpetually feuding tribes had common interests that fostered political unity. Ultimately some degree of integration was achieved through a combination of negotiation and violence.

In 1921, Rose Wilder Lane, daughter of Laura Ingalls Wilder and someone well familiar with frontiers, visited the Shala Valley of northern Albania with a pair of Red Cross co-workers who hoped to establish a school in the mountains. They were accompanied by Rrok Perolli, an agent of the interior ministry, Rexh Meta, a 12-year-old Muslim orphan (and head of his household) whom Rose eventually put through Cambridge University, and a pair of well-armed gendarmes. In her memoir of the trip, *The Peaks of Shala* (1923), Lane vividly describes the customs and beliefs of the members of the Shala tribe she encountered and recounts a number of discussions she witnessed concerning the place of tribal society within the nascent nation state.

Throughout her account, the Shala and neighboring Shosh tribes are in the midst of a blood feud. She relates one story in which a Shala man abducted a Shosh woman so that his son might marry her (Lane 1923: 30–31). Not an unusual event, except the woman turned out to be married and her husband took offense. To preserve his honor, the husband shot and killed the son. According to the *Kanun*, the murder was unjustified, since it was the father who should have been shot not his son. The result was a series of retribution killings (sanctioned by the law code) that ultimately settled the dispute. Such feuds were

Plate 5 – 1920s-Era Photograph of the Bajraktar of Theth Symbolically Surrendering His Gun to Representatives of the Tirana Government



Note: Used with the permission of the Phototekë Marubi in Shkodër, Albania.

endemic to tribal life and leave their material traces in the form of *kulla*.

Punctuating periods of blood feud are *besas*, local peace treaties during which all killings cease. A *besa* may be performed to negotiate an end to a feud, to give men an opportunity to participate in the harvest, or to cope with an outside threat. Such was the case in the mid 1920's.

On December 17, 1924, after a period of exile, former prime minister and future king, Ahmet Zogu, returned to Albania across its northern frontier with well-armed Yugoslavian and Russian troops. A week later he installed himself as dictator in Tirana. Unlike his previous attempts at rule, which included negotiation and appeasement, Zogu treated his rivals with ruthless violence. Among his goals was the disarmament of the mountain tribes—needless to say, not a popular policy. In November 1926, partly funded by the Italian and Yugoslav governments (the very governments that had supported Zogu's return), the northern Gheg tribesmen united and launched a revolt. It was crushed within two weeks. In the ensuing year, men who participated in the revolt were detained and executed.

A plaque, shown to us in Theth by a descendant of Kol Marku (whose name is second on the list), memorializes the men from both the Shala and

Shoshi tribes who participated in the revolt and were executed together in 1927 (Plate 6). Just a few years earlier, these same men would have eagerly killed one another in the midst of the above-mentioned blood feud. The inhabitants of the Shala Valley, while seemingly isolated local actors, living what their contemporaries considered to be an antiquated lifestyle, were nevertheless aware of their role in the global arena. They knew that national—in fact international—laws, such as where to draw borders, would strongly affect them and their families; they had no choice but to declare *besa* and revolt. This time, though, historical forces were working against them and their traditional defense mechanism, isolation, failed.

The pacification of the northern tribes is strongly reflected in the results of our fieldwork. We have identified a major shift in building style that according to oral testimony dates to the Zogist period. In the late '20s to early '30s, houses became significantly less fortified: small windows—*frenjji*—were closed up and/or replaced by large, glass-paned windows; traditional access to second-story living quarters, by ladder or wood stairs that could be pushed away easily during an attack, was replaced by first-floor doors and internal staircases; animals were moved out of houses and into barns; and most dramatically, large families split up—the need for communal defense no longer existed. Feud was the engine that powered the Kanun. Without feud and the Kanun, and the frontier situation that necessitated them, the tribal system was doomed.

WORLD-SYSTEMS THEORY AND THE NORTHERN ALBANIAN TRIBES

In the foregoing discussion we have repeatedly (and rather generally) referenced world-systems theory in an attempt to explain the patterns of settlement and settlement change documented thus far in Shala. We have referred to Shala as a 'frontier,' but also as a 'region of refuge.' In light of the results discussed above, it is now possible to describe more precisely a world-systems model for Shala.

Taking a world-systems approach, we might define northern Albania, Shala in particular, as 'marginal,' located within a wide, peripheral frontier zone that stretched across the mid-section of the Balkan peninsula (see Sherratt 1993 for the 'nuclear-margin' concept specifically). The nature of this frontier shifted through time depending on the strength and goals of regional imperial expansion. Various empires touched northern Albania, from several directions, sometimes simultaneously (at which times the region was a 'contested periphery,' see Allen 1997; Chase-Dunn and Hall 1997; Cline 2000) but none it seems managed to fully conquer and/or incorporate the region. It appears to have operated largely outside the interest or control of the imperial political-economies that surrounded it. The question is why northern Albania escaped

conquest, particularly when so many surrounding regions were ‘incorporated’ into expanding empires.

Processes of incorporation appear to have operated along a continuum that runs from the complete economic domination of peripheral communities by core states (so-called ‘effective’ or ‘formal’ incorporation) to very informal interactions between core states and isolated, independent regions (so-called ‘contact’ peripheries) (see Hall 1986: 391–392, 1998: 256, 2001: 242). Most episodes of incorporation appear to fall somewhere in between these two idealized extremes and in reality expanding states used a variety of tactics depending on the situation. ‘Regions of refuge’ are typically thought to fall somewhere in the middle range, and refuge societies often manage to exploit their marginal, frontier position in order to avoid formal incorporation. Kardulias (1999) refers to this situation as ‘negotiated peripherality.’

In late prehistoric times, Shala may have been valuable as prime grazing territory, as a transportation route, or both, and thus worth controlling. We hypothesize that this was the prime function of SVP Site 006: to monitor movement through the mid-section of the valley. It may be that those who lived at Site 006 stayed there through the early historical periods, but the valley seems to have been abandoned or at least very lightly used in Roman and Byzantine times. This is quite surprising given the evidence for these periods in regions surrounding Shala, along the Drin River road in particular. Extensive surveys in tribal territories between Shala and the Drin, planned for 2007, may help resolve this mystery. If evidence for early historical settlement is found there, then the negative evidence from Shala will become more meaningful.

Shala appears to have been re-populated on a permanent basis in Medieval times, as documented at the site of Dakaj (SVP Site 007). As described above, Dakaj’s role as a fortress is beyond doubt, but it is not yet clear who lived there and whether they dominated the newly established villages or protected them, or both. Local inhabitants of Shala claim that their ancestors arrived as refugees, seeking to escape Ottoman conquest and forced religious conversion elsewhere. We have no reason to doubt these origin stories, but as described above, we believe the foundation and evolution of northern Albania’s tribal societies were subject to more complex processes of cause and effect. Shala was isolated, and its inhabitants may have negotiated their peripherality in order to avoid formal incorporation by the Ottoman state, but still they were affected by changes in the outside, imperial world. We have argued, for example, that immigration to the mountains was likely driven also by changes in land tenure on the plains. Increases in population and population pressure were met with an intensification of agricultural production, including terracing and irrigation. It is also no accident that New World crops such as maize, beans, and squash were intro-

Plate 6 – Communist-Era Plaque, Theth, Northern Albania



duced to Albania sometime during this period, allowing much larger crop yields (Andrews 1993). Population growth stimulated formation of the tribal system as well as systems of oral customary law and blood feud.

There are several key assumptions in the above sketch that deserve further discussion and are subject to investigation by archaeological survey, as we have defined it. Our model assumes that populations in Shala grew and that population pressure was the result. Beginning with Malthus (1803, 1830), most scholars who study mountain eco-systems have asserted that their carrying capacity is rather low and that mountain economies are particularly prone to collapse (e.g.

McNeill 1992: 2–7). Consequently, many mountain societies carefully regulate marriage, birth, and immigration rates. Emigration from mountain to plain may also serve to relieve population pressure. Whereas these strategies have been well documented for the Medieval-Modern period in the European Alps (e.g., Viazzo 1989), Mediterranean mountain regions have received far less attention (McNeill 1992 is a noteworthy exception).

Most scholars working in the Alps argue further that mountain societies depended on isolation as a means of buffering and limiting population growth (e.g. Netting 1981). Alpine anthropologists applied to the Alpine situation the concept of the ‘closed corporate community’: small, endogamous villages of small, economically and politically independent nuclear families that closely regulated rules regarding marriage, land tenure, and inheritance. Immigration and emigration were limited. This view of Alpine communities was challenged by Cole and Wolf (1999 [1974]), who argued that in fact, historically most Alpine communities have been ‘open’ communities, the frontier reserve from which low-altitude urban imperial cores drew surplus people and products. Thus, the real key to understanding mountain demography was not to track the degree to which mountain communities were isolated and isolationist, but rather to understand how the shifting frontier situation affected the movements of individuals in and out of the mountains. Cole and Wolf (1999) therefore view migration as a primary release valve limiting over-population in mountain valleys. Recent scholarship shows that migration was one possible strategy for limiting population in the Alps, but that the migration rate varied through time from village to village (Viazzo 1989).

Mediterranean mountain societies, northern Albania included, differ from the Alps in several important ways. Northern Albanian family structure is dominated by the so-called ‘root’ or ‘complex, joint’ family (as opposed to the ‘stem’ family common in the Alps) (see Gruber and Pichler 2002), in which several generations live together in one large house and share all proceeds of their work (the so-called ‘*zadruga*’; Burns 1976). The land is owned by the patriarch (*zot i shpi*) and is divided between sons upon his death or retirement. There are no restrictions on marriage and birth and all men are allowed and encouraged to marry and have as many children as possible. Women of the family marry out, and wives are brought in from other, non-related clans. Several of the main population checks employed in the Alps do not exist therefore in northern Albania, and there are two possible means whereby population was controlled: emigration and blood feud.

Blood feud must have had a tremendous effect on northern Albanian populations during some periods. Catholic Church documents indicate that in the period 1901–1905, the male death rate from feud in Shala stood at 26% (from

Nopsca 1925 cited in Coon 1950: 27; additional statistics in Whitaker 1968: 272–274). Feud was also the primary cause for emigration. Men would have fled the mountains not to marry, as was the case in the Alps, but to escape feuds. Thus, we need archaeological means of tracking not just population change, but feuding and emigration as well.

Christopher Boehm (1983, 1984a, 1984b) came to many similar conclusions about the Montenegrin tribal zone, which is in the same mountainous region as the northern Albanian tribal zone. As mentioned above, our application of the ‘refuge area’ hypothesis to Albania is drawn from Boehm’s work. Boehm (1984b: 26) implies that Montenegrin and Albanian tribal systems are similar due to parallel cultural evolution. We find this argument very difficult to accept given that the two cultures are nearly identical in all respects. Rather, we would argue that the two are similar because they share a common ancestral culture; whether Slavic or Albano-Illyrian is unclear. At some point the region was divided along a linguistic/ethnic/religious frontier (the Montenegrins are Orthodox Christian). Given that the Slavic migration began in the 6th century AD, this frontier was perhaps the first to directly affect Shala and may have resulted from efforts on the part of the Orthodox and Catholic churches to control the region, one of the earliest bastions of Christianity in Europe. We might also implicate the Byzantine and Venetian states, though the record of their impact in the tribal zone is less evident than that of the churches.

This ‘ethnic frontier’ has continued to affect the northern Albanians, Shala in particular, down to the present day. This was especially true after the formation of the Montenegrin state in the early to mid-19th century. The first thing the 19th-century ‘*vladikas*’ did when they assumed control of the country was to end blood feuds and raiding, thereby forming a tribal coalition that could effectively resist the Turks (Boehm 1984a: 12–14).⁸ Independence was achieved in 1878, but by then the tribal system had been completely disassembled. So, state formation in Montenegro happened at the expense of the Montenegrin tribes, and since state formation did not begin in Albania until 1912 (and was not really achieved until 1945 with installation of the Communist dictatorship), the Albanian tribal system survived into the 20th century.

As a consequence of events in Montenegro, in the 19th century northern Albanian tribes found themselves situated firmly between two predatory, enemy

⁸ The Montenegrin *vladikas* were paramount chiefs/bishops elected by a council of tribesmen and ecclesiastical leaders; in 1850 the position of *vladika* was secularized and changed to that of an hereditary monarch.

states, where before there had been only one. The ethnic frontier was transformed into a political frontier, and the Montenegrins became a much more serious threat. The northern Albanian tribes appear to have maintained their independence from the Ottomans over several centuries through a wide variety of strategies (all of which fit nicely the expectations of 'negotiated peripherality' in a 'refuge area'): they occasionally paid token taxes; sometimes agreed to fight alongside Turks, in particular if the enemy was Serb; and revolted when necessary, which typically entailed declaring a general *besa*. But with Montenegrin state formation and independence, Albanian tribes more often agreed to Ottoman demands, for money, troops, and peace. During this period *bajraktars* gained power at the expense of local chieftains and councils, throwing the tribal political system into disarray. The result was a spasm of violence (recorded by the Catholic church as a spike in death from feuding; see above), and a general weakening of the tribal defenses, at precisely the time the Albanian nation-state began to form. Thus, by the time of Zog, even truces between sworn enemy tribes, such as Shala and Shosh, could not save the tribal system from its dismemberment at the hands of the Tirana Government. It was the frontier that created the northern Albanian tribesman, and the transformation of the frontier that in the end sealed his fate.

In order to test the above model it is necessary to deploy an archaeological survey methodology that can collect data relating to population, feud, emigration, ethnicity, and religion. Fortunately, our practice of archaeological survey is regional, interdisciplinary (combining traditional archaeological approaches, with ethnography and history), diachronic, and focused on the landscape and land use. Our methods are designed to locate artifacts, but also to identify and record architecture and oral and archival history. In two years of work, we have documented periods of village growth in Shala (primarily changes in the number of houses) that indicate increases in population at key moments of transition, always in response to changes in the frontier context.⁹ There also may have been expansions in the terrace and irrigation systems at times of population growth, though this conclusion awaits scientific testing. We have also identified changes in house architecture (mentioned above) that correspond to decreases in blood feud beginning in the Zogist period. Emigration is much more difficult to view in the material record, but we do have some evidence for extra-valley contacts, particularly in the form of imported, exotic pottery. This at least indicates that Shala was not completely closed to the outside and that products, as well as

people, moved into and presumably out of the valley, possibly helping to blur ethnic and religious lines.

We also think that the movement of people, whether immigration or emigration, directly affected Shala because the valley served as an attractive, alternative transportation route, in particular for individuals who preferred to remain hidden from imperial eyes, such as raiders, traders, priests, shepherds, and smugglers. This may have begun as early as the Bronze Age and continued into the Medieval period, but was certainly the case during Ottoman and later times. The Shala route was used into recent times by herders and traders heading north to the market at Gusinjë, making Theth somewhat of a crossroads, the place to stop and rest before tackling the Qafe e Pejës, the pass over the mountains. The route north was technically closed after WWI when Gusinjë was awarded to Montenegro, and completely closed after WWII. According to our elderly informants, the closing of the border in 1945 marked the most memorable event of their lives, more memorable even than the beginning or end of Communism.

CONCLUSION: FRONTIER LIFE AND ARCHAEOLOGY

While our fieldwork is still in its early stages, a few conclusions may nevertheless be drawn concerning the utility of our approach. Much of the previous narrative relies on ethnohistory, with material remains supplementing and fine-tuning the picture oral and written sources provide. A pottery scatter, a wood plaque, or a fortified hideout are isolated finds that add color to a preexisting picture, but say little on their own. This may be expected as they all appear within the bounds of living villages—for which oral and written history are preserved.

The strength of archaeological survey, however, lies in its ability to discern patterns in the *longue durée* (Braudel 1972). To meet this goal we focus on changes in land use and settlement patterns from prehistory to the present over a wide area. As of yet, we have not sampled a sufficiently large universe nor discovered an adequate number of settlements to form concrete inferences concerning long-term patterns of change in these realms. As we expand into adjacent valley systems, we anticipate that meaningful, comparative examples of land use and settlement will emerge. Such patterns will not only complement the image we get from historical sources, but will also add elements about which history is mute.

⁹ A detailed description of the timing of these village expansions, written by Wayne Lee, is available in the final report of the SVP's 2005 field season.

<http://www.millsaps.edu/svp/SVP%202005%20Final%20Report.pdf>.

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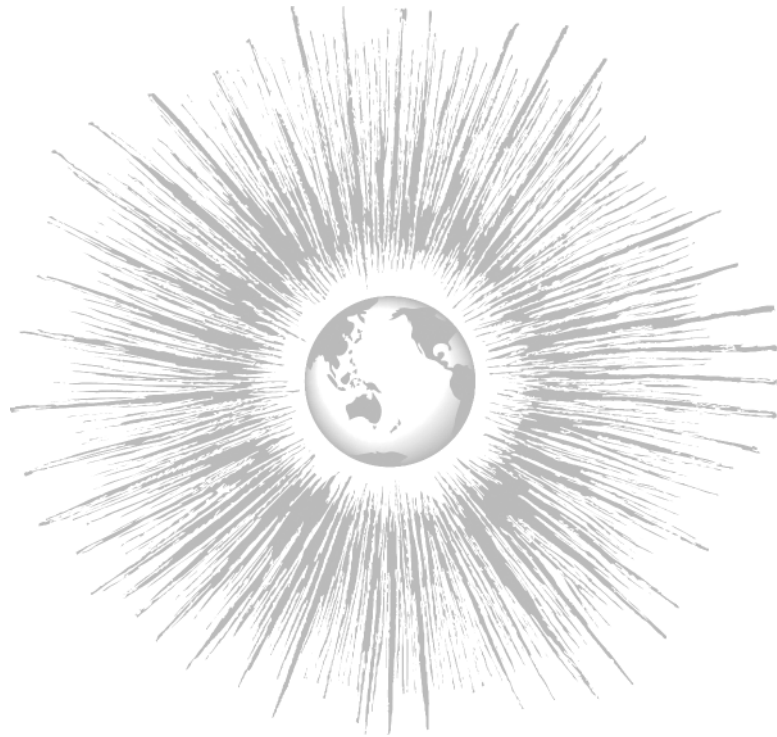
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GLOBALIZATION FROM A WORLD-SYSTEM PERSPECTIVE: A NEW PHASE IN THE CORE—A NEW DESTINY FOR BRAZIL AND THE SEMIPERIPHERY?*

Kathleen C. Schwartzman



Global convergence seems unstoppable. Like an avalanche, new social, economic, and political forms are spreading around the globe. The spread of organizational and institutional forms has been documented in such domains as mass education, suffrage and education for females, human rights, increased power of central banks, population control, and deregulation of labor markets. Brazil too has adopted new organizational and institutional forms. In an ongoing endeavor, many political scientists, sociologists, and economists are exploring the nature, rate, and consequences of this global transformation.

It is paradoxical that the world-system perspective seems to have lost its salience in the intellectual debate on globalization. More than a label is at stake here. Martinelli's contention that a "world society cannot be equated to a world system" (2005:244), captures the fissures that exist among various schools of globalization. The goal of this essay is to delineate numerous ways in which a world-system approach differs from a "world society" explanation. I believe that the world-system perspective offers better theoretical leverage for synthesizing the myriad strands of research and the extremely diverse research findings. It also provides a more persuasive explanation for the observed global convergence.

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ABSTRACT:

The study of globalization, prominent in all fields of social science, scarcely draws upon the insights generated by the world-systems theory. In this essay, I delineate five key dimensions on which a world-systems approach diverges from a world society approach. When linked together, these five stages offer support for a dependency perspective that was

elaborated in the theoretical work underpinning the world-system paradigm. I use the case of Brazil to demonstrate how a consent model, derived from this paradigm, offers a better understanding of the dynamics leading to global convergence than a consensus model derived from a world society paradigm.

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This leverage derives from the fact that it connects the global and local processes and, it theorizes those connections. The dialogue between the theory and the Brazilian case provides an illustration of the diffusion process as it moves along an embedded causal sequence from global “need” to local “adoption.”

Global convergence has been approached from divergent perspectives that often render different conclusions. While a myriad of economic, political, and social convergences are of interest to globalization researchers,¹ shifts in a nation’s economic governance, particularly the shift from corporatist forms to more liberal ones, are of primary interest to one subset of scholars.² My references here are primarily to those institutional shifts associated with the liberalization of capital accounts. In 1950, there were few financially open countries (the United States, Canada, and Germany), but by 1988, most OECD countries were totally open in current account payments and partially open in capital flows (Quinn and Inclan 1997: 805). Even though economists, political scientists, and sociologists have all studied these shifts, amazingly, many of the published bibliographies of these works lack overlapping references.

Because of the vast and fractured nature of the scholarship, it is a challenge to summarize the approaches in a succinct way. The continuum sketched by Goertz and Diehl (1992) highlights the differences found in the literature. The hypothesized diffusion mechanisms can be placed on a continuum between norms in the anthropological/sociological sense, on the one hand, and power on the other.³ Many scholars working within the world-culture or world-polity

¹ The claim of convergence is challenged in a number of ways, ranging from highlighting the variations to negating the phenomenon. Fourcade-Gourinchas and Babb (2002) show how the standard set of neoliberal policies is differentially incorporated depending on the political regime, level of economic development, and cultural traditions regarding the role of the state in the respective countries. Fligstein (in looking at developed nations) concludes that there is “no evidence for convergence in...firms and markets across advanced capitalist societies (2001:191).

² This general focus is narrowed further depending on the nature of the study. Simmons and Elkins (2004) and Quinn and Inclan (1997) examine the governance shifts in policies regulating the current accounts, capital accounts, and exchange rates. Haggard and Maxfield (1999) focus on liberalization of capital movements.

³ The continuum assumes that policy adoptions result from diffusion. The diffusion mechanisms are in contrast to policy adoptions arrived at independently. Like many authors, Goertz and Diehl (1992) advocate a middle ground. They analyze the convergence on the international practice of decolonialization from the perspective of norms, but controlling for self-interest. They also offer a typology of norms that blends dimensions of power, self-interest, and deontology with norms (hegemonic, cooperative, and decentralized norms, respectively).

paradigm could be placed closer to the “norms” end of the continuum. Perhaps the leading and most widely employed sociological perspective, cataloging and accounting for global isomorphism, is the world-polity or world-cultural model (Strang and Meyer 1993; Meyer et al. 1997; Boli and Thomas 1999). First and foremost, this paradigm postulates that global isomorphism connotes diffusion.⁴ Institutions, actors, and nations are exposed to a set of norms, frames, theorizing, and prescriptive models of action. These models spread through associational and/or global cultural processes. The learning and embracing of models occur when actors jointly participate in international networks (such as professional organizations, INGOs, or shared educational experiences), or, absent from such direct links, they identify with and desire to emulate other adopters. It may also spread under conditions of exchange dependence, although, they argue, many things seem to flow where interaction and interdependence are not self-evidently high (Strang and Meyer 1993:490). This isomorphism is facilitated, because these models are “highly codified and publicized” (Meyer 1993:497), and “theorizing” provides categories and the “formulation of patterned relationships such as cause and effect” (1993:493). Also isomorphism may be encouraged because states that do embrace these accepted frames may gain legitimacy while those that do not risk losing legitimacy, both domestically and internationally. They predict that the diffusion-generating power of theoretical models varies with the extent to which they are institutionalized, that is, built into standard and authoritative interpretation and schemas (1993:495). Significant to this explanatory perspective, theorizing will produce patterns different from those that would flow from rational decision-making (1993:500). It is the “compelling logic” of the theoretical models that generates the “consensus.”

While power seems alarmingly absent from this particular convergence scholarship, it is intentional. In reacting to the “realist” approaches of the international relations which might explain the diffusion in terms of a rational reaction to a balance of payments crisis (Haggard and Maxfield 1999), Meyer et al. advocated a reconsideration of global cultural processes (1997:147, 167). The

⁴ The claim of diffusion is challenged by Wilensky, who argues that the appearance of these phenomena is the result of timing, rate, and level of industrialization, and the subsequent character of national bargaining arrangements between major blocs of economic power. Wilensky writes “I have repeatedly found that the external pressures that are labeled ‘globalization’ have little or no effect in explaining social policies or system outputs.... What counts are national differences...” (2002:640). It is important to note that Wilensky focuses on advanced capitalist societies, not developing ones.

spotlight on global culture was also a rejection of the micro (a rational actor), macrorealist (power hierarchy), and the microphenomenological (a rich mix of local and external odds and ends) approaches.

Power or coercion models define the other end of the continuum. Power is the hypothesized mechanism and the model's coercive quality follows from the exercise of that power over outcomes for those who are without power. Power, for example, is held by those who have capital for investment, and power is exercised through markets. Strange's work (1996) exemplifies the power end of the continuum. In explaining the retreat of the nation-state and the consequences for well-being, Strange looks at the shift in the global balance of power attendant with integrated world markets and constructs an argument of how the certain actors who hold power (it could be the TNCs) force the retreat of individual states. Others, like Pauly (1997) pose a mechanism which falls between the two. He asserts that individual states, by choosing (and that is the key word) to gain the advantages of international markets, and by opting for openness and integration, are constrained to, and therefore do accept new institutional forms. He identifies two sets of actors, IMF and bankers on the one hand and international institutions that help states address their legitimacy problems.⁵

Crudely put, and taking slight liberty with the Goertz-Diehl continuum, it helps to separate perspectives that advocate a mechanism that "appears" to be based on volition from those that "appear" to be based on coercion. In the first, "consensus" derives from the fact that individual nations voluntarily endorse an organizational form, and freely, without force or constraints, adopt it. Many authors concentrate on the endogenous mechanisms, be they an elite's recognition of the necessity of the reforms, institutional arrangements, types of states, degree of majoritarianism, independent central bank, or the factor endowments that facilitate reforms (Quinn and Inclan 1997). These models do introduce exogenous factors, in either the form of international networks to which domestic actors belong, or of international economic crises to which domestic actors respond. In contrast, the "coercion" derives from the fact that actors in semi-peripheral and peripheral countries implement exogenously generated institutional reforms. Nations are seen as obligated to accept certain organizational forms, not just because they are constrained based on their own prior choices, but because the very construction of their choices and the attendant constraints

⁵ See Simmons (1998) for an excellent summary and critique of Strange and Pauly.

are determined exogenously. Because there are no occupying armies or visible signs of force installing these reforms, I will substitute the concept of "consent" for "coercion."⁶ Clearly, there are many theoretical perspectives located on this continuum, representing different explanatory pathways from the macro to the micro. The Goertz-Diehl continuum offers one way to arrange the fragmented literature.

In addition to different hypothesized mechanisms of diffusion, there is a substantial array in what is to be explained. Guillen, for example, is interested in explaining the respective paths to global integration taken by Argentina, Spain, and South Korea.⁷ Kogut and Walker examine the fate of national ownership patterns in the face of globalization (2001). In other cases, authors wish to explain the adoption of a single organizational form such as the acceptance of Ministries of Science and Technology by a large proportion of nation-states (Jang 2003). Or, authors want to account for the adoption of a bundle of reforms regarding the economic and monetary systems (Simmons and Elkins 2004).

One way to formalize the dissimilarity of orientation is to "situate" the research along an embedded causal sequence that unfolds from global shifts to local consequences. The sequence begins with the core nations experiencing a transformation in their own economic system that requires a corresponding transformation in noncore locations of the world-system. This transformation is accomplished through new paradigms, new emissaries, and new incentive structures. The third node is the noncore adoption of the new form. And, at the end of the sequence are the intended and unintended consequences. This causal sequence parallels the realist models that envision chains of organizational control from major powers into local arenas (an interpretation criticized by Meyer et al. [1997:161]). It differs from the realists' perspective by its reintroduction of world-systems concepts, such as phases of capitalism, and core-noncore dependency. In much of the non world-systems scholarship, change takes place "somewhere" (or is absent) in the international sphere. The cause and

⁶ This has to be consent in the Gramscian sense. Often nations may initiate and implement the organizational form without any apparent outside pressure. Thus, the challenge to the world-system perspective is to define how this consent is different from consensus. Following Gramsci, this consent is precarious because there are penalties behind it.

⁷ Guillen's (2001) study is reminiscent of the seminal work by Barrington Moore. The transformations that nations undertake in response to an economic impulse (commercialization or globalization) are contingent upon the preexisting social structures. For both Guillen and Moore, the outcome is the paths to development.

“place of origin” are not the primary concern in the world-cultural perspective which often “enters” the explanatory sequence after the emergence of some new organizational form. From a world-system approach, a new model originates with a transformation of capital (the cause and the phase) in the core (the place) (Rodrik 2000; Block 1996).

Some scholarship is most attentive to the third position in my causal sequence, the specifics of local implementation. This scholarship includes both large-*N* cross-national and case studies. Some authors present a detailed quantification of the organizational outcome, e.g., the changes in ownership or regulation (Kogut and Walker 2001). Comparative studies show how country-specific historical continuity and organizational ecology generate a diversity of adopted organizational forms. This diversity might result from the evolving interaction between the global forces and the local culture (Guillen 2001; Schofer and Fourcade-Gourinchas 2001), or it might result from deliberate resistance or negotiated orders (Sinclair 2005). Some research is more focused on a fourth position, assessing the extent to which newly adopted organizational forms produce the intended outcomes. This includes research that examines the unintended or more remote effects of the organizational shifts (Pauly 1997). Despite the fact that many scholars weigh in on the “causes” of global isomorphism, their research agendas vary widely.

Different explanations are also byproducts of methodological differences. Two aspects of sample selection contribute to this. First, by pooling cases across several decades, many studies are less attentive to the historical phase. In contrast, a world-system frame acknowledges that global dynamics vary with phases of globalization. The trade phase has characteristics that differ from the foreign direct investment and the debt phases, all of which differ from the foreign capital portfolio investment phase. A multinational may invest in a country because of its natural resources (copper, oil, and etc.), because of its large domestic market, or because of its lower labor costs. Direct foreign investment flows are dictated by criteria which differ from those governing foreign portfolio investments. Receiving nations also have differential power to negotiate or resist depending on the phase. Phase identification is critical, because when authors generalize and refute the argument of homogeneity by demonstrating the heterogeneity of adopted organizational forms, the data sometimes are drawn from an earlier phase. Guillen, for example, refutes the notion that countries automatically accept a single organizational form by demonstrating the different developmental paths that countries took in responding to the impulse of globalization. He identifies nation-state variation in firm structures and economic profiles and, significantly, the variation in the nation-state’s relationship to foreign capital. His reference, however, is to manufacturing, not portfolio

flows. Quinn and Inclan find that their variable of partisanship and its interaction with economic structure are significant in explaining which OECD nations deregulate their international finances, but their model cannot account for differences in the 1980s (1997:793, 801). While their model may permit generalizations regarding foreign direct investment, the same set of factors loses leverage in the debt and subsequent portfolio phases. This is a warning about the importance of theorizing global phases. Likewise, Simmons criticizes Strange for not having a nuanced conception of power (1998:137), but one way to introduce “nuance” into the concept of power is to derive it from its appropriate global phase. Generalizations about diffusion drawn from the phase of direct foreign investment might well misspecify the dynamics of foreign portfolio investment. The new phase of globalization is unique in that capital is mobile on two scores, it’s private foreign capital and it’s in portfolios.⁸ The world-system paradigm requires a theorizing of phases in a way that other theoretical perspectives do not.

Second, by pooling cases from many countries, studies end up being inattentive to “place” in the world-system hierarchy. Generalizations derived from both case studies and large quantitative data sets do not always distinguish conceptually between developed and developing countries. Case and comparative studies frequently focus on core nations, while quantitative analyses bundle together nations including peripheral and semiperipheral ones.⁹ Some comparative studies have a mix. Agents in the core understand the importance of world-system placement. On the occasion of the formation of IRG (the International Ratings Group, a global network joining four regional rating agencies), the chairman of one of the founding groups, Global Credit Rating Company, said “emerging markets are fundamentally different to the developed markets in the US and Western Europe” (JCR-VIS 2006). One general criticism of theories that fall on the “coercive” end of the continuum is that they ignore the documented variation in outcomes. It is important to recognize the role that sample choice (both in time and space) has in bringing about this variation. While critics argue that not all diffusions are equal, I would amend this to note that not all samples of nations and time periods are equal. Generalizations about global isomorphism derived from a study of core nations might well misspecify the

⁸ Martinelli believes that scholars miss much of the novelty of the new global order because they focus on the economic and financial sphere. But *even* in the financial sphere, this is a fundamentally new phase.

⁹ Fligstein’s evidence comes from advanced capitalist societies (2001:191). Quinn and Inclan (1997) study 21 OECD nations.

dynamics of developing nations. While many quantitative studies do control for GNP, world-systems analysis requires theorizing global “location” in a way that other perspectives do not.

What is the most suitable methodology for examining global isomorphism? In their 1992 article, Goertz and Diehl observed that little was written on the methodology of studying norms but there was some agreement on the case-study as the principal mode of research. The recent sociological work continues the comparative case tradition, but more commonly utilizes large quantitative data sets. Research with many countries is really the only way to detect the scope and rates of global convergence over time. On the other hand, small-N comparative studies offer an opportunity to fill the gap between theorizing and quantitative findings, and to discover the mechanisms of individual country adoption.¹⁰ Clearly a case study cannot adjudicate among the multitude of explanations. In much of this literature, adjudication comes from inferences derived from statistical analysis or from inferences made from multiple cases specifically chosen for their comparative suitability. Each has its respective advantages and handicaps. Case studies are vulnerable to the same sociologists’ uncertainty principle that is leveled against ethnography—the closer you get to measurement on one dimension, the further you recede from others (Burawoy 1991:2). Within the globalization literature, Sinclair consciously works through this problem by “refuting” alternative models through the use of the counterfactual (2005). Understanding globalization has to be a collective effort.

How does isomorphism occur, or how does the “theorizing” get diffused? The Brazilian case provides insights regarding the mechanisms of isomorphism. I use the Brazilian case as a way of “trying on” different explanations. Abstracting key concepts from the world-polity/world-culture and from the world-system paradigms, I construct two “ideal types” (“consensus” and “consent,” respectively) (Table 1). By tracking the case of Brazil through the embedded causal sequence described above, it is easier to understand why some scholars might describe the diffusion processes as coercive. The term “consent” allows us to accept conclusions drawn from other research situated along the embedded causal sequence, and to see that while Brazil freely adopted the recommended reforms, they had little choice.

¹⁰ Excellent comparative case work is found in Fourcade-Gourinchas and Babb (2002) who focus on the paths toward the market paradigm taken by four countries, Guillen (2001), who uses the comparative case approach to see differences, and Haggard and Maxfield (1999) who study Indonesia, Chile, Mexico, and South Korea.

Table 1 – Two Ideal Types

	Consensus (Diffusion) Model	Coercion (Coercion) Model
Social origins of new models	New idea (typically) in developed nation	New phase of globalization: ties core to semiperiphery/periphery in new way
Frame offered by agents	Superior theory, virtues in terms of standard notions of efficiency, justice or progress	To reduce the transactional uncertainty of international markets
Agents/promoters	Neutral: Disinterested (public) experts, technicians who are economists, theorists, with an abstract concern for better, more efficient models. Institutionalized, could be INGOs	Vested interests: (Private) technicians are closely linked to actors with a vested interest in capital flows.
Frame offered to potential adopters, the compelling logic	Universal. Benefits include increased productivity or gains in national legitimacy.	Country-specific. Exhort “emerging markets” with scores to conform under threat of loss of capital flows.
Degree and nature of link between disseminators and adopters	Agents and adopters weakly related, decoupled. Identify with others who are ultimately similar: adopters have a consensus regarding the models. Theorization may substitute for direct contact.	Agents and adopters tightly linked. Promoters speak directly to prospective adopters.
Penalty for ignoring	Non-compliance may have observable outcomes of a nonmaterialist nature. Loss of legitimacy	Non-compliance has observable outcomes of a materialist nature outlined by agents. Loss of capital

In Table 1, I contrast the two ideal types on five key dimensions. First, it is important to specify the social origins of the new templates; second, to identify the theoreticians / agents / promoters of the templates; third, to describe how they are framed among disseminators themselves; fourth, to identify the rationale offered to potential adopters; and fifth, to specify the link between promoters and adopters, including the likely penalty. Each of these is discussed below and illustrated with data gleaned from magazines, journals, newspapers, and business reports on the Brazilian and other Latin American “emerging markets.” I have not included a discussion of a sixth dimension, the consequences of adoption.

BRAZIL'S CONVERGENCE – CAPITAL AND RULES

In 2000, Investor Relations Magazine welcomed the progress. “Latin-American equity markets have entered a new era of liquidity and transparency, a time of building shareholder value” (PR Newswire 2000). Two milestones are trumpeted here; first that foreign capital has increasingly entered Latin American capital markets, and second, new rules regarding portfolio investment. In the vast literature on “globalization,” one of the more exact usages of the term has come to stand for a worldwide adoption of a homogeneous set of rules for international and domestic economic engagement. These rules, derived from the theory of neoclassical economics and its application in the United States, generally include privatization, reduced intervention of the states in their own domestic economic affairs, and the free movement of goods, services, and capital across national boundaries. This ongoing isomorphism can be seen in a cluster of legal and institutional changes that affect how firms (or governments) issuing stocks and bonds have amended their governance structures. It can also be seen in legal and institutional liberalizations that affect capital flows. Globally, such capital controls have exhibited a downward trend that accelerated from the late 1980s to early 1990s (Miniane 2004:284). New laws, new monitoring mechanisms, shifting accounting practices, and the like, all facilitate foreign portfolio investments into and out of developing countries.

Brazil has received an increase in foreign capital, but it would not have materialized without prior shifts in the laws and institutions regulating those flows. Brazil's private corporations have embraced many of the new management and accounting schemes. The trend is for Brazilian entities to shed in varying degrees their local identities and assume corporate personalities with an American hue. In 2001, the Banco Rural, for example, followed the advice to replace its regional audit firm with a large renowned international audit company (Business Wire 2002a). A survey of 55 Brazilian companies showed that between 1998 and 2000 they had increased the number of pages of their annual reports from an average of 8 to 14. In 1998 and 1999, none of the annual reports spoke of the corporative governance structure. By 2000, 12.7% of the companies included this discussion in their annual report. The general trend is to provide more information regarding spending and revenues to the potential investor and to do so using the templates offered by American accounting standards (Azevedo 2001). The hurdles to better governance come from the prevalence of family owned companies and the low percentage of shareholders without voting rights. One response to the demand for higher standards on governance in Brazilian companies (and to the inability to enact meaningful reform legislation) was the 2000 opening of a “New Market” within the Bovespa. To list

on the New Market (Novo Mercado), companies were required to voluntarily adopt governance rules that were tighter than those required by legislation (Vilela 2005). In particular it offered protection to shareholders. Coffee also believes that the opening of Novo Mercado was a response to capital flight as Brazilian firms moved to list on the U.S. stock exchanges. Brazil even invited U.S. institutional investors to participate in designing the listing rules to guarantee that it would be investor friendly (2002, 1806).

These transformations and cultural shifts were not limited to private firms and banks. As governments (national, state, and municipal) and para-statal companies became more involved with the foreign capital markets through increased bond issuance, they have embraced international norms and frames associated with presentation and composition of annual budgets. A few examples illustrate these actions. Because the market [sic] was suspicious about the true value of the company, the finance director of the Brazilian-owned oil company (PETROBRAS) decided to change its accounting procedures to promote greater “transparency” for those financial markets (Global News Wire 1999). In 2000, the Central Bank ordered banks to provide interest rate information on a monthly basis, which then would be published on the Central Bank website (Global News Wire 2001). Numerous Latin American governments were undertaking the same actions. As Picciotto and Haines describe it “There have been emulation and transplantation of regulatory models, as well as movement to establish common approaches and standards, and to ensure cooperation” (1999:361).

Brazil likewise is liberalizing its controls on capital. Miniane (2004) includes Brazil in a project, extrapolating the new 1996 IMF reporting procedures back to 1983. He finds no change from 1983 to 1996 and greater capital account openness after 1997 (2004:285). But, Miniane notes, these measures are not always sensitive to country-specific liberalization episodes, and even though the index for Brazil remained at 1 (not liberalized) up until 1997, it started to liberalize in 1992. It was not however, an uninterrupted process. In 1995, for example, restrictions were placed on foreign capital inflows. Gustavo Franco, Director of the Central Bank in 1995 disclosed two concerns leading to these restrictions. First that the flood of foreign capital was entering to take advantage of the high interest rates while avoiding the 7 percent tax payable on some investments, and second, that Brazil was interested in capital that would stay in the country for longer periods (Wheatley 1995). The scores after 1997 capture liberalizations such as a corporate law signed by President Cardoso in November 2001. He committed Brazil to developing its capital markets, increased transparency, and protection for minority (foreign) investors. In summary, Brazil is rewriting its

governance structures and undertaking capital accounts reforms that follow an international template.

Nevertheless, no amount of empirical data confirming (1) an improvement in governance and capital accounts and (2) a subsequent rise of foreign capital can adjudicate among the explanatory models. The embrace of international regulatory models by private and public entities could result from a Brazilian consensus regarding a well articulated “theorized” model with clear benefits or, it could result from something else. For purposes of this discussion, I treat “consensus” as the default explanation, and attempt to persuade readers (with the use of counterfactuals) that what actually happened could be better explained by the combination of the five dimensions of the “consent” ideal type. I proceed from the global level, and move forward along the embedded causal sequence to the final process of structural isomorphism. The Brazilian example helps to clarify the five dimensions on which the consensus perspective differs from the consent perspective, and it illustrates that although Brazil voluntarily consented to reforms, the explanatory sequence—when taken as a whole—shows why some theorists emphasize the role of coercion in explaining global isomorphism.

I. THE SOCIAL ORIGINS OF A NEW MODEL: THE NEW GLOBALIZATION

New Ideas

Where do new templates and theories come from? Since this is not the primary question of much of the diffusion literature, the factors that lead to new templates and select out certain actors over others are sometimes left unspecified. Jang, for example, in his analysis of the diffusion of Ministries of Science and Technology, writes “As the rationales of science and its impact on national development have emerged and spread globally...” (2003:120). He suggests that in the early phases of adoption, such ministries might be a response to the functional needs of certain nations and he shares the opinion of others who write that these rules and practices are likely to be linked in the core to prevailing theories of modernization (Strang and Meyer 1993:502). Because the research is focused on the observed isomorphism, the earlier instances are just posited as the starting point. It does appear that developed nations are centers of innovation, or at least that a majority of studies draw from cases where dissemination is of forms which have proven successful in the core. In sampling terms, we might describe the diffusion research as drawing from the population of core-initiated innovations that are successfully diffused to many nations.

One might be content to rest the case there, asserting a vague (and non-problematic “core-centric”) account for the rise of a new template; however

it precludes detecting even a potential for “coercion.” In contrast, the world-system paradigm theorizes the origin of and need for new templates. As Arrighi argues, templates reflect their historical periods. The post-wwii period was dominated by “development economics” which articulated a specific doctrine based on postulates such as: “wealth could be attained by all,” and the “basis of wealth was industrialization.” That template also alleged the irrelevance of historical geography (pre-colonial legacies didn’t much matter). Arrighi suggests that the counter-revolution, begun in the 1970s in response to the failures of developmental economics, was completed by 1985. The new reigning idea—the neoliberal Washington Consensus—had no need for a theory of development. In the new vision, national poverty was now the result of bad government and the failure to follow certain policies (Arrighi ND:6). While the consensus model can simply acknowledge the new template as a starting point, the consent model must show that the content of the new template was related to the historical development, and that there was some core-driven urgency for its diffusion.

The New Phase – Converting Dependent Nations into Emerging Markets

The current widespread use of the word globalization trivializes it and misses the new configuration. The new globalization differs from earlier phases because it includes a flow of international capital that is now directed toward portfolio investment (FPEI). Portfolio equity refers to financial investments in companies. It can easily be altered or withdrawn with a click of a computer key. A growing proportion of investment in Latin America and Asia is ‘portfolio equity’. From 1990 to 1994 the capital flowing to developing countries was five times that of the previous five years, “when there was a debt crisis and many of these countries had little or no access to international capital markets” (Calvo et al. 1996:123).

For developing or semiperipheral nations, this phase of globalization differs from the preceding ones. Previous global streams involved trade and foreign direct investment, and to some extent echoed the first global integration that went under the label of colonialism. In the earlier phases of foreign investment (FDI), full-assembly factories were located in countries for the purpose of capturing local markets. In the 1950s and 1960s the link between foreign capital flows and investment was tighter because flows were directed to particular investments, official projects, and particular users. This was “development economics.” As direct-investment lending from commercial banks declined in the 1970s, it rose from supranational public organizations, such as the IMF. This public funding ameliorated the feast-and-famine aspects of commercial lending that was prevalent during the 1970s and early 1980s (Bird 1996:486).

In the current post “development-economics” phase, capital is directed from the developed to the developing world in a different way. The current world-system is characterized by an integration of world capital markets. And, in this new phase, “developing nations” have been redefined as “emerging markets.” Whereas direct foreign investment and international loans went to “developing nations,” now foreign equity flows go to “emerging markets.” This point was highlighted by King and Sinclair as one of the important changes in the new global finance system (2003:345). And, Carneiro argues, in the 1990s, long-term foreign capital (which includes investment in the stock market) began to show gains over FDI and short-term capital (1998:95). Referring just to the U.S. current-account transactions, the BEA writes that “receipts and payments of income have grown fastest in recent years, mainly as a result of the rapid expansion of cross-border holdings of financial assets” (2002). The BEA attributes the 1990s’ rise in financial-account transactions to “easing of governmental restrictions on financial institutions and markets, rapid innovation in financial techniques and instruments, and economic growth” (U.S. BEA 2002).

Brazil partook of this new phase. Trade, direct investment, and loans were not displaced, but they were joined by FPEI. Foreign direct investment to Brazil continues to flow but has shifted away from manufacturing (falling from 71% in late 1980s to 55% in the mid 1990s) toward service (Carneiro 1998:99). Carneiro attributes this shift to an increase in franchising and to the opening of contracting, building, technical consulting and computer-related businesses, and insurance. Bank-intermediated loans have also reduced their importance (1998:84). In 1989, long term foreign capital (Carneiro’s category which includes stocks and bonds but not debt) was .5% of the GDP. In 1994 it reached 9.4%. As is its nature, it was volatile and had dropped to 3% by 1996, the last year in his study. Capital flowed to a growing number of Brazilian firms listed on the Sao Paulo stock exchange (Bovespa). In Sao Paulo, visits from foreign investors became so common that company developed English-language information sessions, and Bovespa saw more foreigners in 1993 than in any other time in its 100-yr history (McLeod 1993). Foreign trading as a percent of total value at Bovespa was around 15% in 1993 and rose to 27% in 2001 and to 31.9% in 2005. All the indicators reflect the volatility of the capital flows, but also reflect a new phase.

Why a New Phase?

What motivated capital to seek out “emerging markets?” Several transformations, occurring in core nations converted semi-peripheral, peripheral or “developing nations” into “emerging markets.” As the United States moved toward a service economy, it yielded rates of return lower than those previously

found in production. To counter the move of production offshore, investment capital followed. Investment moved to where the supply of capital was low and the investor’s returns were high.¹¹ In 1993 Laderman observed that most investors did not spend their summer traveling abroad, but they made a lot of money if their dollars took the trip. The heavy flow of portfolio capital to emerging markets also was driven by a sustained decline in world interest rates. “By late 1992 they were at their lowest level since the early 1960s...attract[ing] investors to the high-investment yields and the improving economic prospects of economies in Asia and Latin America” (Calvo et al. 1996:126).

Second, the demographic shift in the U.S. population and the imminent retirement of baby boomers—an aging population that lives more off of savings and investments, meant that the so-called “emerging markets” became crucial to American investors. “For capital-rich developed countries, such investments appear a desirable way of diversifying risk and investing in productive assets that will, in a few decades, fund the retirement of the baby-boom generation” (Calvo et al. 1996:127).

Third, a crucial transformation had taken place in the nature of investors (Canterbery 2000). This period saw the rise of institutional investors, a phenomenon which increased both the volume and impact of investment. Drucker described it as an “unseen revolution” beginning in 1950 when GM financed and then placed its company pensions in the hands of professional asset managers who were responsible to the company. What was novel was that they were not fixed interest bearing, and they looked for returns outside of GM itself. By 1975, 50,000 such funds were in place and, in 1974, these pension funds held about 30% of the stock of U.S. publicly owned companies. Taken together, institutional investors—that is primarily but not only pension funds—controlled close to 40% of the common stock of the country’s large, and many mid-sized businesses (Drucker 1996:106). These institutions have become corporate America’s largest lenders as well as its largest owners. Drucker called it “Pension Socialism.” Useem, who disputes the “socialism” claim but not the consequence, writes: “Peter Drucker’s early forecast of pension fund socialism has not come to pass in American, but something akin to mutual-fund capitalism has achieved much the same level of concentrated firepower” (1996:259). This firepower, he argues, derives from the fact that institutional holdings rose from 16% in 1965 to 46% in 1990. And, U.S. investors have overcome their global shyness. “Dreyfus, for

¹¹ Ecuador, after opening up its stock markets, was (according to a Reuters survey) among Latin America’s most profitable stock markets rewarding investors with a 22 per cent return (in US Dollars) in 1994 (Colitt 1995).

example, formed its International Equity Fund in June 1993...[and] Paul Nix, manager of the Dreyfus fund, placed two-thirds of his newfound assets in foreign stocks. If you're a U.S. investor concerned with limiting volatility and seeking higher long-term returns...there are good reasons for adding a foreign component to your portfolio" (Useem 1996:263). These factors transformed the investment world, both in content and in location and they "bred the greatest bull market in securities in American history" (Canterbury 2000:3). There was also a certain 'band wagon' effect. Large flows of capital to one or two countries made other investors more willing to invest. Despite its modest appearance,¹² it is reasonable to describe this as the beginning of a new phase.

Many analysts conclude that such changes in the organization of savings and investment along with new competitive pressures in core nations brought about the internationalization of financial markets (Picciotto and Haines 1999:355). This internationalization was also a way, Fourcade-Gourinchas and Babb argue, to compensate for the collapse of the strong international monetary system that had functioned in the post WWII period (2002:537). There is disagreement over whether to call this new global capitalism an integration of multiple markets or a single market. Feldstein advocates the former: "Although most of the legal barriers to international capital mobility are now gone, the world capital market remains essentially segmented along national lines" (1995). He offers as evidence the fact that most saving stays in the country in which it originates. Picciotto and Haines also judge globalized finance not to be a single global financial market, but local markets rooted in different socioeconomic structures with their own patterns of savings, investment, and regulatory traditions that have become linked internationally by a relatively small number of global firms that have the organization and technical capacity to trade on a global basis (1999:355). Others see a shift toward a single market. Useem argues that American investors avoided international investments only until the 1990s (American investors kept 94% of their financial assets at home and Japanese were even more domestic, placing 98% in Japanese securities) (1996:263). Block also judges the global financial integration to be close to a world economy (1996:200). In a similar vein, Dicken writes that before 1960 there was really no such thing as a world financial market (1992:364). While these authors differ slightly on the date of global integration, most judge the 1990s as the early stage of a single financial market.

¹² Feldstein writes that only 10% of the assets in the 500 largest institutional portfolios were invested in foreign securities (1995).

The analysis of the origins of the new organizational form can buttress the claim of a world-system explanation on several grounds. In contrast to research agendas that treat all nations as equal, it specifies where and why new forms originated in the core countries. It also provides a reason for why the new forms take the shape that they do—they are in response to a problem located in the core. In contrast to research agendas that focus on the spread of organizational forms independent of the content, this perspective identifies the nature and imperative for global isomorphism, and therefore contributes to an understanding of why some might label the mechanism of diffusion as being coercive. The need for global capital mobility requires the demolition of segmented capital markets and the convergence of many markets into one.

II. THE FRAME: THE SOCIAL CONSTRUCTION OF EMERGING MARKETS

Prerequisites for Capital Mobility: Liberalism and Transparency

This new phase, unfolding in the core, could not have been realized without accompanying transformations in developing nations. As Ross and Trachte write, the new Leviathan of global capitalism confronts local and national actors with their respective country-specific organizational routines (1990:16). Emerging markets needed to improve their hospitality toward foreign capital. Investment corridors have requirements not necessarily identical to trade and direct foreign investment corridors. As the global economy shifted toward service industries, the freedom of trade came to include banking, brokerage, and insurance services, along with the argument that they should be treated no differently than steel (Block 1996:199). Formal barriers to trade and capital flows have been reduced since 1997, but Rodrik argues, the international markets are not as "thick" as they could be (2000:179). Newer transformations were of crucial importance in rendering recipient countries worthy of investment flows from the developed nations. The emerging markets required two crucial reforms: (1) unlimited access to investment opportunities, and (2) detailed information regarding those opportunities. While privatization, deregulation, and liberalization facilitate the entry (and guarantee the exit) of outside investors, transparency gives investors information about the potential security/risk of their investments.¹³ Pressure was building in the investment community to

¹³ This theme is reflected in work of others who look at the global convergence of laws. Halliday and Carruthers, paraphrase one of the UNCITRAL delegates as saying "countries will not attract capital if they cannot offer investors sets of laws that provide investors confidence they can get their investments out in a fair and orderly way if investments go bad" (2003:2). Their focus is on the legal construction of markets in

liberalize third-world markets and allow more foreign investment. Once investors have access to emerging markets, what matters most is knowledge about risk. Liberalism without transparency is treacherous.

Insistence regarding liberalization took, and continues to take, the form of encouraging nations to put everything on the auction bloc. Foreign shareholders required capital market openness, market regulation, and investor protection. In 1994, for example, Ecuador's financial sector was the fastest growing non-petroleum part of the economy. Although it was just beginning to revamp and open its capital markets, and the Securities Markets Law offered greater efficiency and transparency, the financial consultants advised that to maintain the same growth, the government had to offer investors more options (Colitt 1995). This was a complaint against a stalled privatization program and a request for the sale of more public enterprises. Likewise, the Brazilian government has been repeatedly encouraged to relinquish its national holdings. Commenting on the high Brazilian deficit, a PR Newswire editor suggested that "If the government cannot reduce the deficit, accelerated privatization might help Brazil to regain a measure of financial stability...spinning off assets like Banco do Brasil, a national bank, and Petrobras, the national oil company, would show investors the country remains serious about state reform" (1999d). The main source of the spectacular growth in net foreign investment in Brazil is portfolio investment and direct investment due in large part to the privatization programs (Garcia and Valpassos 2000:151).

Pressure regarding the second took, and continues to take, the form of encouraging firms and governments to adopt transparency. For the custodians of the Latin-American capital market (Bank of New York and State Street, Bank of Boston, Citibank, and Santander, to name a few), the domestic markets, with their often idiosyncratic operating rules, are extremely risky. Obviously foreign shareholders will not profit from capitalizing companies whose business practices are questionable. Investors have a right to transparency. They want to know that their investments are being used responsibly and that there is a non-porous relationship between investment, productivity, and profits. There was a clear need to eliminate corruption within the emerging markets; the move to a single market required transparency. In 1992, for example, the vice-Chairman of J.P. Morgan welcomed China's selection of nine mainland-based corporations

international agencies and the process of globalization of laws. Rodrik considers discontinuous political and legal jurisdictions as transaction costs, in the same way that transport costs or border taxes are transaction costs. These jurisdictional boundaries, he argues, pose serious constraints on international integration (2000:179).

to seek direct listings on the Hong Kong stock exchange. He said "What I am particularly pleased about it is that it includes the tacit agreement to step up transparency, accounting rules, Western methods of auditing" (Ward 1992). The Chinese were being commended for heeding the advice given to them in 1983 by a Wall Street delegation visiting China.

The dual prerequisites of capital mobility (liberalism and transparency) have been intensified by the use of the Internet. By 1994, nearly 40 percent of Ecuadorian stock market volume was traded electronically (Colitt 1995). "In an age of significantly increasing international investments and financial reporting on the Internet, the need for a common worldwide financial vocabulary and framework for reporting is quickly making diverse national standards obsolete" (PR Newswire 2001). The Internet is a fundamental investment tool—80% of investors reported that they accessed corporate information on the web, up from only 22% in 1996 (PR Newswire 1999d). Companies must be open and transparent to take advantage of the increasing number of on-line global investors. Therefore, a global financial system built on top of national economies with weak financial systems and poor monitoring mechanisms would remain extremely risky for investors.

A diffuse and yet unorganized preoccupation with the conditions of investment flows to emerging markets was growing in core nations. These preoccupations needed to be conceptualized and defined, and this happened through linguistic and organizational innovations. The shift to a single global market described in this paper can be thought of as an extension of processes identified by Carruthers and Espeland for an earlier period.¹⁴ The utilitarian (the new phase) and rhetorical (the theorizing) functions are connected in core nations.

Creating a Vocabulary for a Single World-Capital Market

The new global capital flows required a realignment of practices and cognitive frames. To facilitate this, a new vocabulary gained prominence. Take, for example, the word "transparency." There was a time when the word "transpar-

¹⁴ Carruthers and Espeland, in their analysis of the rise of double-entry book-keeping, examine two crucial aspects of the new accounting practices. First, they reiterate, from the early sociological literature, that the emergence and development of a rigorous accounting are closely linked to the emergence of capitalism (1991:32). Second, they stress that above and beyond the utilitarian function, accounting offers an important rhetorical aspect. As trade ventures grew from individual traders, to multiple investors, to joint stock companies, a formal accounting acquired a new utilitarian and rhetorical importance (1991:44–46).

Table 2 – References to the term “Transparency”*

Year	Frequency
1985	24
1990	106
1995	395
2000	2,283

Note: The frequencies in Table 2 are based on a count of the word “transparency” when used in reference to budgets or accounting practices of governments or companies. They were taken from the Business news sections of online LEXIS-NEXIS. These estimations are only suggestive because they are based on the population of journals and news services included in the LEXIS-NEXIS data base.

ency” primarily described overheads or the non-opaque quality of mirrors and glass. While accountants had regularly referred to the transparency of prices, the word acquired a much wider usage after 1990. It became common to use it in reference to the national budgets of developing countries. A new rhetoric supplanted an earlier one: just as “developing countries” became “emerging markets,” words like “centralization,” “planning,” and “autarky” were replaced with “deregulation,” “liberalization,” and “transparency.”

One organization was a trend setter in creating and operationalizing the concept that has since promoted and policed the changes necessary for converging financial markets. Transparency International (TI) was founded by Peter Eigen in 1993. During his tenure as a senior official of the World Bank who had worked in Latin America and Africa, he became dismayed with the corruption. TI works to persuade investing companies to stop paying kickbacks and bribes, and officials in receiving countries to stop receiving them (Economist 1993). Following the establishment of TI’s Corruption Perception Index (CPI), the term ‘transparency’ took on a life of its own and became sensationally popular. Table 2 documents the increasing use of the term “transparency.”¹⁵

The global corridor for portfolio capital flows was paved with the new vocabulary and new monitoring procedures. GAAP2001, a report released by the world’s seven largest accountancy firms, advocated a single worldwide financial-accounting and reporting framework based on high-quality International

¹⁵ Annual data for the period 1985 to 2001 are displayed in graph form in Schwartzman (2004).

Accounting Standards (IAS). Their stated objective was to improve transparency and comparability of financial information (IFA 2001). The International Accounting Standards reports that “Approximately one-third of the 62 countries surveyed are responding to the challenge of convergence with an active agenda and proposed changes to national requirements” (PR Newswire 2001).

The analysis of the initial framing, new routines, and new vocabularies can buttress the claim of a world-system coercion-based explanation on several grounds. This conceptualization and corresponding vocabulary were the result of a need generated in the new phase. And, the framing was relational (from core to semiperiphery and periphery). It wasn’t simply that transparency was superior or preferred, but that it is directed toward emerging markets.

III. THE AGENTS: THE MODERN EMISSARIES OF GLOBALIZATION

Anything that flows in a world-system composed of nation-states, be it commodities, capital, or theories, requires institutional settings and organizational routines on both sides of the exchange. During the early phase of the Portuguese empire, the Casa da India (in the core) joined with the Brazilian and Asian colonial counterparts (in the periphery) to orchestrate the extraction of colonial resources. Through the Casa da India, the Portuguese crown controlled trade with Brazil. The Casa included archives, accounting and price departments, and agents—colonial officers who enforced the general regulations. Over the subsequent stages of global development, the institutional pair and the organizational routines that managed core-semiperiphery flows were “modernized.” In the mid 1970s, when loans and debt repayment constituted part of the global flows, the core and semiperiphery/periphery were represented respectively by the IMF and the governments of the indebted nations. The IMF became the dominant emissary as it shifted its clientele from almost exclusively industrial countries to developing ones. By the mid 1980s Latin Americans had become the main users of IMF financing (Bird 1996:477–480).

Who or what institution would undertake the ambitious task of constructing the new single market by promoting liberalism and transparency? Using new concepts, new vocabulary, and new indices, networks of professionals and managers have become the strategic emissaries enabling the new global relations. First, it must be said that the established agents of globalization have not abandoned the new global agenda. Established agents—representatives of the IMF, World Bank, AID, U.S. trade commissions, U.S. Secretaries and high officials of other core countries—active in the earlier phase of globalization, have taken up the new goal of market convergence. It’s visible in their altered vocabulary and in the nature of their recommendations (a shift away from the

development economics of earlier times). At the 1996 summit of OAS, for example, Amb. Babbitt asserted that “transparency [is] vital to U.S. businesses seeking to expand markets” (1996). Amb. Babbitt reports that the OAS unit for the Promotion of Democracy works to strengthen grassroots participation in the democratic process, to promote accountable government, and to create strong public institutions. Looking forward toward a Free Trade Area of the Americas by 2005, the United States encouraged a dramatic liberalization of the economies in the hemisphere. Gershman, a NED official (National Endowment for Democracy), testifying to the House International Relations Committee in support of the Administration’s \$32 million FY2000 request, said that it supports affiliate institutes that are dedicated to important goals such as the promotion of governmental transparency and accountability. In Latin America the NED supported programs which are furthering the “adoption of reforms intended to encourage government transparency and efficiency” (Gershman 1999:1,6). Another avenue has been the G-20, the extended organization of the G-8. In 2000, at the Montreal summit of the Finance Ministers from the G-20, there was a “renewed drive for economic globalisation” (Beattie 2000). Beattie reports that the Finance Ministers and central bankers from the G-20 have been satisfied with the success at increasing transparency in the adherence to international standards of fiscal and monetary policy and data dissemination, but they have also been surprised by the strength of opposition to economic liberalization, not only on the part of street protestors but also on the part of governments of some poor countries. In response to this threat to a liberalized economic order, they hope that the G-20 Ministers can function as a political counterpart to the technocratic groups. Those earlier agents remain crucial for the solvency of national banking systems, and certainly as collectors and disseminators of financial data.

As globalization got reconfigured, so too did the institutional pillars and agents that facilitated the global flows. Global flows are now guided by private rating agencies and investment companies in the capital-rich core nations, where one also finds the majority of the investors.¹⁶ The new emissaries include the bond raters such as Moody’s and S&P. Other participants generating and disseminating ratings include brokerage houses, financial consulting organizations, as well as magazines, all representing mutual funds, pension funds, insurance companies, and private investors. They are, Sinclair argues, embedded knowl-

¹⁶ In 1990s, the United States held close to 50 per cent of the assets managed by such funds (Giron and Correa 1999).

edge networks (EKNs) at the heart of contemporary global governance and are active in the debate about the reform of the international financial architecture (IFA) (2001:441).

International capital flows are hardly new, but in the 1990s many fund companies created new vehicles that allowed investors to specialize in FPEI investment in the Third World (Laderman 1993). In 1996, S&P reported that it was responding to a growing demand from investors and financial institutions, and expanding its ratings on banks in emerging markets (Kraus 1996). King and Sinclair argue that Moody’s and S&P (with Fitch a distant third) dominate the market and that their oligopolistic position was reinforced by U.S. government regulations making it harder for new groups to launch ratings businesses (2003:348). Nevertheless, many other companies and organizations have joined the rating frenzy. Among the Latin-American sovereign raters, a number of firms are prominent. Fitch rates the foreign and local currency debt of sovereign governments, some 50 subnationals outside of the United States, mainly in Europe, but also in Latin America. DCR began its network in Latin America in the 1990s with local credit rating affiliates in Chile, Mexico, Peru, Venezuela, Argentina and Columbia. In 1996, it was the leading rating agency in Latin America, rating 87% of U.S. dollar structured financing originating from the region. SR was established as the first credit rating agency in Brazil in 1993 and its founding was lauded for good timing, opening soon after the “Real Plan” slashed inflation, and Brazilians became more aware of market risks (PR Newswire 1996). From 1996 to 2000, it participated in a partnership with DCR.

In the new global phase, it is appropriate to expand Sinclair’s conception of EKN to include a wider range of organizations (profit and nonprofit) that generate indices. They are too numerous to mention but are exemplified by the financial consultant Multiplica (offering the judgment on Ecuador’s liberalization); Investor Relations magazine in association with Bloomberg (bestowing awards on Latin American companies in recognition of excellence in their investor relations) (PR Newswire 2000); and S&P (in 1999, it assigned its first rating (mxBBB) to a Mexican state, underscoring the strengthening credit culture developing in Mexico following its 1995 financial reform efforts) (Business Wire 1999). The public sector was not excluded. In 2002, CalPERS (the U.S.’ largest public pension fund) completed its review of emerging markets announcing with whom it would allow investment of California’s public equity. CalPERS considered a broad range of financial factors including transparency, political stability, and labor practices (Business Wire 2002c). It is believed to be the first evaluation ever undertaken by a public pension fund. These index-creators are joined by individuals from think-tanks, private research organizations, and academic institutions.

In conclusion, the IMF, WB, and NED officials still have a role, but rating agencies such as S&Ps, Moody's, Fitch, and Duff and Phelps Credit Rating (DCR) are now in the forefront assessing the investment risk of those stocks and bonds issued by the emerging markets¹⁷. As the emissaries shifted from the public quasi-governmental agents to the "market," the number and diversity of actors increased. They constitute a weakly linked international network of professionals and fund managers that engage in information gathering, dissemination, and monitoring functions. Their signals are available to both investors and to emerging markets.¹⁸ On the side of the emerging markets, the initial few capital-seekers, mostly the Latin-American federal governments, have been joined by a multiplicity of recipients, including private enterprises, state and municipal governments.

The analysis of vocabularies, routines, and emissaries bolsters the world-system explanation because it demonstrates continuity from a core need to a core conceptualization of the need. These were not just any superior theories, but they were tailored to specific core needs. There were not theories that could be promoted by any international organization, but they were promoted by emissaries tied to the nature of the core need.

IV. THE FRAME DISSEMINATED TO THE RECIPIENTS

The content of the templates advanced by agents of core nations can shed light on the mechanism of convergence. The "compelling logic" specified by the world-culture model highlights the advantages of frame-adoption, such as productivity advantages or the enhancement of national legitimacy in the new global economy. In contrast, I have argued that the new frames (liberalism and transparency) were the unequivocal by-products of the new phase of globalization in the core. At the point of origin, the frames are universal—no restraints on foreign portfolio investment, for example. As these templates are disseminated to recipients, they become country-specific. They do not represent negotiated variations; rather, they measure an agent's assessment of each country's

¹⁷ S&P, for example, has 5,000 employees located in 18 countries and provides data, research, and investment and credit opinions to global capital markets (Business Wire 2002b)

¹⁸ Sinclair demonstrates that these (EKNs) changed in nature and power following the financial volatility of the 1990s (the 1994–1995 tequila crisis, the 1997–1998 Asian financial crises, and the 1990s corporate and municipal collapses in the United States). The agencies spent more money on staff training and hiring, and became more public about the basis of their ratings (2001:447).

deviation from the universal template. They also offer continuous feedback to nations and investors. Scores, these externally generated evaluations, are connected to enterprise and governmental actions.

A New Kind of Scoring

"Scoring" is certainly not new. Stocks historically have been rated so that potential purchasers have some idea of what they are buying and its likely profitability. From the 1930s to the 1980s, the Securities and Exchange Commission imposed standardization on information produced by corporations. In order to sell any issue in the United States, ratings were required (Sinclair 2001:445). The rating firms focused on higher-rated industrial firms in the United States. This focus was enlarged in the mid-1980s when lower-rated companies were allowed to raise capital by selling debt on the bond market. Government bonds also have a long history of ratings. Each time a government entity announces the intent to issue a specific bond, it acquires a rating. "[W]hen they enter the international capital arena...a rating is the first step in establishing a relationship with international investors....The credibility of that relationship must be maintained by good disclosure practices and ongoing discussion of the issuer's strengths and weaknesses" (PR Newswire 1997b). Ratings tell investors about a government's willingness and ability to service its debt obligations, the overall economy, pledged security, debt structure, financial condition, and statutory, constitutional, and legal factors. Creditworthiness is assessed with a standard that is comparative (at least for each brokerage house or rating agency) across emerging markets. The score, based on a risk model, can be used by subscribers to decide whether or not to invest. Despite this scoring tradition, the 1990s was different. It was demarcated by the pivotal role of multiple and independent but equivalent emissaries (the EKNs), the content of the frames (scores), and the character of their disclosures (their frequency, quantifiability, and comparability).

Country-Specific Interpretations

Armed with the new agenda of creating a single financial market, the emissaries participate in specialized forms of intelligence gathering, judging, and reporting. How would this information be disseminated? Standard techniques of bond ratings continue. As more entities go to the bond market, more bond ratings are generated, but, these remain specific to the particular bond and issuer. A second set of ratings is disseminated in the form of indices and scales which have the characteristics of cross-country comparability. These ratings also appear with regularity, often annually. An investor has a plethora from which to

choose (see Appendix A for some examples). Transparency International collects data, constructs and publishes two indices: a Bribery Propensity Index (BPI) and the Perceived Corruption Index (CPI). PricewaterhouseCoopers launched its O-Factor, the Opacity Index in 2001 (Business Wire 2001). Based on the O-Factor, they generate two additional scores (for each of 35 countries). Since opacity will raise the cost of doing business, the organization has estimated that value calling it a 'Tax Equivalent'—the equivalent of an additional corporate income tax. Second, they generate an Opacity Risk Premium which indicates the increased cost of borrowing faced by countries due to their own opacity. Countries with higher opacity tend to have to pay a higher interest rate on the debt they issue. A study by PricewaterhouseCoopers (Opacity in Latin American countries) conjectured that some countries had foregone up to USD \$40 billion in FDI (the case of Brazil) as a result of the lack of transparency in their business practices. Their hope is that government regulators and policy makers in Latin America will use this tool to enhance transparency and stimulate their nations' economies. Such ratings are essential.

Frames with Prophetic Edges

The indices and scores are more than bundles of new ideas, cultural recipes, and superior theories, they are "mechanisms of persuasion." First, they signal how a country rates on a given standardized scale and allow both the investors and the recipients to make cross-country comparisons. Scoring is directed at national and municipal fiscal and monetary policies, and individual company policies and clearly links policies regarding transparency to the probability of investment. Second, they offer counsel and ultimatums outlining needed changes. And third, they forecast the positive (or negative) consequence of action. For example, "Approval of an austere budget and reform measures, designed to reduce budget deficit, could lead to a rapid upgrading of the local currency rating" (PR Newswire 1999b). And they offer post-reform praise. When Fitch upgraded its outlook of the Banco Rural of Brazil from BBB- to BBB, it was the result of Banco Rural's decision in 2001 to replace its regional audit firm with a large renowned international company (Business Wire 2002a). These scores can be used by governments to judge how their actions of privatization, deficit reduction, and such are viewed by external investors.

But why should this be considered problematic, municipalities have had their bonds rated for over a century? For one, these private emissaries from core-nation have displaced public power in emerging nations. They advocate reforms that narrow the legitimate sphere for future state-led public policy interventions, while prescribing others. The consequence, Sinclair thinks, is

Table 3 – Sample Indices Evaluating Brazil and Select Countries*

	Brazil	Chile	Mexico	USA
Growth Competitiveness Index Ranking 2003	54	28	47	2
Opacity Index (2001)	60.85	35.65	47.65	35.53
Tax Equivalent (2001)	25%	5%	15%	5%
Opacity Risk Premium (2001)	645	3	308	0
Corruption Perceptions Index (2002)	4.02	7.5	3.6	7.7
Corruption Perceptions Index (1997)	3.56	6.05	2.66	7.61

Note: See Appendix A for detail on these and other indices.

deeply worrying (2001:441–449). In a world of fast-paced market developments, it is increasingly hard for governments to cope. Many of them seem inclined to give up. In Block's view (1996), countries will be subjected to the dictatorship of the international financial markets.

Brazil Receives Country-specific Frames with the Prophetic Edge

The three aspects are present in the frames disseminated to Brazil. First, Brazil is scored in a fashion that allows investors to judge the progress being made (of the country, company, bank, state, or municipality). A few of Brazil's scores are compared with other countries in Table 3. Second, the frames prescribe reforms, and third, they enumerate the consequences of responding to these recommendations. The scores, the prescribed reforms, and the payoffs constitute a trinity evident in the quotes selected from various sources.

"We are very impressed with the Cardoso administration's success in controlling inflation." Fergus McCormick, a DCR analyst who covers Brazil continued, "[R]eassuring the markets, however, will require more fundamental reform particularly of the constitution, the civil service, and the pension system" (PR Newswire 1997b). Two years later DCR's McCormick wrote: "The progress that Brazil has made in adhering to the IMF-sponsored adjustment program, though it largely involved one of tax and privatization measures, represents a stride forward in fiscal consolidation....However, a local currency rating upgrade would hinge on adherence to the austere 2000 federal budget and on progress in tax and social security reform" (PR Newswire 1999a). Raters complained of Brazil's current account deficit (it was 3.8% of GDP at the end of 1999), high social security benefits, and a bloated public-sector (PR Newswire 1999c). Observers

praised the “progress in controlling inflation, high foreign direct investment, and Brazil’s diversified private sector,” but what they didn’t like was the “large domestic and external debt burden, social pressures and the political environment” (PR Newswire 1999). In fact, they felt that Brazil lacked the political commitment to reduce government overspending.

In lamenting the precipitous drop in the Bovespa index which was caused by capital migration to safer havens, the managing director with Banco Chase Manhattan in Sao Paulo said that “government and market players must work together to improve transparency, strengthen minority shareholder rights, eliminate financial transaction taxes as well as restrictions on domestic investment funds...” (Colitt 2000).

The analysis of the country-specific versions of standard templates reinforces the claim of the world-system explanation on several grounds. Almost all of the explanatory models invoke some aspect of cross-national contacts. In the world-polity account of diffusion, common memberships in international professional organizations might expose actors to the notion that having a Ministry of Education is a “good thing.” Or in looking more closely at their peers, they might see that more legitimacy is accorded to nations who have a Ministry of Education. In either case, they might receive ideas and outside help in setting up such a Ministry. However, the identification and role of the emissaries are less theorized. This is in contrast to the world-system perspective which identifies the embedded progression from the original investment needs of the core countries, to the universal frames of transparency and liberalization, and to the interpretation and transmission into country-specific scores and prescriptions.

V. DEGREE AND NATURE OF LINK

The “Emerging Market” Responds to the Ultimatums

In contrast to core-core diffusion, diffusion from core nations to semi-peripheral or peripheral ones may appear more puzzling. Stated from the perspective of the individual adopters, why do developing nations embrace international neoliberal standards, especially where that embrace sometimes produces consequences that are at odds with extant national policies and political authority. Haggard and Maxfield point out the irony that some developing countries embarked on “premature and ill-conceived liberalization efforts” even before advanced industrial states (1999:35). In the world-system model the agents and adopters are more tightly and visibly linked. The country-specific scores reflect the core’s vested interests in emerging markets. These tailored prescriptions continually shift based on actions taken and/or progress made. This converts country-specific descriptive scores into country-specific ultimatums.

Table 4 – Gross Domestic Savings Rate as Percent of GDP

	Brazil	Latin America	Mexico	OECD
1990	21.40	21.46	22.04	23.21
1995	20.52	20.38	22.48	22.25
1999	19.33	19.16	21.94	22.57

Source: World Bank. 2001. *World Development Indicators*. CD-ROM.

Latin American nations and firms are compelled to respond to country-specific ultimatums, not generalized frames. Capital-poor countries in need of these capital flows are compelled to align their financial market structures with those guidelines offered by the rating and brokering houses.

The other side of the tight link is the capital need of emerging markets. The fact that growing amounts of liquid assets are held in private funds in developed nations links the two sides together. But why is there such a need? Despite the apparently favorable savings rate (Table 4), Brazilian politicians and commentators continued to express interest in raising capital. Commentators observe that banks are experiencing a capital shortage and their “customers are experiencing a severe liquidity squeeze, and industrial investment can be expected to shrivel...” (Cambridge International 1999). That Cambridge International commentator was particularly worried about capital flight from emerging markets, from Brazil in particular, and the ominous prospects for merchant banking activity. In 2001, Osorio argued that Brazil needed new legislation to reform the country’s equity market. He reported that, following a 1976 corporate law, Brazil made reasonable progress in attracting retail savings to fund Brazilian corporate groups, but that there was a shortage of capital flowing to the capital markets. Also in 2001, the Banco do Brasil (Central Bank) expressed interest in raising capital by putting some of its shares up for sale.¹⁹ The 2004 Bovespa Annual Report began with “Brazil certainly needs foreign investments...for the last ten years, foreign investors have accounted for at least 25% of the trading volume. In 2004, foreign investments accounted for 27.3% of the trading volume” (Bovespa 2004).

¹⁹ The Bank anticipated listing up to 22% of its stock on the Sao Paulo Stock Exchange and it noted, Bovespa is reserved for companies with the highest level of transparency (O Globo 2001).

Thus availability on the supply side, meets capital needs on the demand side. The matchmakers are the agents described above. This need of emerging markets helps us to understand why country-specific scores and indices have the power of persuasion. Furthermore, Latin Americans realized that they are competing with other emerging markets (Asia, Eastern Europe, and etc.) and will only succeed in capturing and holding the capital needed to enhance economic growth if they follow the suggested frames and templates.²⁰ Simmons and Elkins demonstrate that competitive pressure among peer policy makers is crucial in understanding policy liberalizations, but they identify “peer” countries on very different criteria. They suggest that one of the learning mechanisms is to look at the policies of their respective cultural reference group (religion, colonial, or language partners) (2004:173–177). Their “country competition” and “cultural peers” variables pool together nations that a world-system theory would not. Importantly, it is the core agents, not necessarily emerging market policy makers, who are constructing the comparative set. Forbes, for example, evaluated the late September 1998 opportunities for investors by comparing Brazil’s economic problems with those of Russia (Eaton 1988). In 1996, the Wall Street Journal compared Sao Paulo’s stock market, Bovespa, with Amsterdam’s ANP-CBS General in the Netherlands, Argentina’s Merval Index, and Hong Kong’s Hang Seng. In other words, the grouping generated by S&P and others looks very different from those constructed in world-culture models where the comparisons are identified as countries similar in region, in levels of development, in trade patterns, and the like (Simmons and Elkins 2004).

Some authors argue that the diffusion process is one of consensus because countries have chosen this path. Countries choose to solicit international capital and are therefore constrained to adhere to those conditions. Although not included in the sequence developed here, the world-system perspective also offers a theorization of why some peripheral and semiperipheral nations are faced with capital shortages. Second, the constraints in question are not idiosyncratic or unexpected, they are derivable from a world system perspective that identifies the investment needs of the core and connects them to the capital needs of Brazil.

²⁰ Following the 1997 market crash in Asia, emerging market debt funds flocked to Latin America and pulled out of Europe, Asia, and the Middle East (Emerging Market Debt Report 1998).

Consensus or Consent?

The involvement of Brazilian politicians and economic elites also might lead us to conclude that consensus is the operative mechanism. But, there is a long tradition of domestic actors embracing exogenous institutional forms. They have gone under various names from the colonial-criollos (Brazilian born Portuguese who continued the work of the empire), to modern-day “technicos” (Centeno 1998), and global elites (Robinson 2002:1056). Fourcade-Gourinchas and Babb even characterize the local elites who ushered in the neoliberal policies as a social movement. In Chile, they were organic intellectuals of the bourgeoisie who opposed Allende’s rule in Chile (2002:542), whereas in Mexico, they were insiders—bureaucrats who saw international financial pressures as an opportunity to advance both their political careers and their particular ideological program (2002:557). In these and many other cases, the locals have graduate degrees from foreign (core) universities. Since both the consensus and consent models allow for domestic carriers of new exogenous templates, citing the “nationality” of the promoters does little to distinguish them. Instead, I have distinguished the consensus model from the consent model on the basis of the five elements: origin, frames offered in core, agents, frames offered to emerging market actors, and linkages.

CONCLUSION AND DISCUSSION

For emerging markets, the mode of operation must change. The privatization process must continue and the financial operations must operate in a “transparent” fashion. I have argued that “consenting under constraints” is a more reasonable interpretation of the diffusion process than “consensus” in terms of providing a superior model. The notion of “coercion” still engenders resistance, perhaps because the concept of authority/power is viewed principally from the Weberian perspectives of tradition, legal-rational, or charisma (Stinchcombe 2003:429). Despite the presence of multiple agents (who do not exercise force) they represent and enforce the exigencies of a new globalization. Why has there been less attention to the possible coercive aspect of the convergence process? One answer might be methodological, namely that the very evidence of a global diffusion of some institutional forms gives plausibility to the conclusion that a superior model gained consensus and was voluntarily adopted by a large number of recipients. A second reason for the popularity of a model such as world-culture is that ironically, diffusion researchers have detected core-practitioners applying a basic postulate—“[T]he more demanding requirements of compliance-oriented information systems will make them less common than effectiveness-oriented systems” (Mitchell 1998:115). Strang

and Meyer suggest that “theorization helps innovation masquerade as diffusion” (1993:500). Following Mitchell, I would say that theorization helps consent masquerade as consensus. How else could Michael Lewis write after September 11, 2001 that “bond traders are as critical as the U.S. generals and the politicians to extending liberty’s influence in the world” (NYT 2001)?

It may be that the consent/coercive mechanism is sector and period-specific. Perhaps for mass education, human rights, and other arenas distant from global capitalism, consent and dependency relationships are less relevant. In the global phase dominated by trade, for example, the world was integrated despite colossal county-level variations. A world-system perspective permits two observations regarding this new phase of globalization. First, financial flows are not free floating. Rather, they are stewarded by new agents with new organizational routines. Second, countries do not voluntarily adopt universal forms because those templates are superior or offer national legitimacy. Their dependent status leaves them little choice. The diffusion literature borrows some of the components of a world-system analysis, but without the essential concepts of that perspective.²¹

Beneficial or Harmful?

Negative repercussions of these exogenously generated reforms might be used to refute the “consensus” model. As Meyer et al. comment, it is truly puzzling why nations should engage in “structural isomorphism in the face of enormous differences in resources and traditions...to serve purposes that are largely of exogenous origins” (1997:145). This counterfactual strategy might augur badly for the consensus model—if introduced reforms continually produce negative consequences, the notion of a more efficient or superior model would be put into question. However, the claim of consent/coercion cannot be synonymous with a claim that the outcome is harmful. Reforms might be in the best interest of emerging markets regardless of the mechanism. Or, local elites in emerging markets may not be in the best position to appreciate the long-term benefits of the reforms, or they might need the assistance of international pressure to

²¹ Although the main mechanisms include network relations, learning from others, and cultural factors (Strang and Meyer 1993:488–490), they have added “exchange dependence.” A reader might contend that they have anticipated my argument and that I have created a straw-man version of the diffusion model. But my argument—that the transformation of the world-system and its dependency relations are the primary driver of the convergence—differs from a model where a measure of “exchange-dependence” is added to increase (or not) the variance explained.

overcome domestic resistance to the reforms. In short, the diffusion mechanism—consensus or consent—must be separated from the outcome.

The benefits of financial openness for core nations are clear. What about the benefits to emerging markets? Contrary to their assertions, capital suppliers (investors) are not “entitled” to privatization (that nation-states offer them shares in their national banks, for example). However, they are entitled to information that assesses the risk of offered investments, and to reasonable guarantees regarding those investments. And, for emerging markets, reforms that reduce pilfering of public and private funds will contribute to economic growth. Recapping the conventional wisdom, Firebaugh writes that nations with secure property rights, effective legal system, and less distortionary government policies will tend to grow faster (2003:195). Much of the research demonstrates the positive consequences of financial openness which results in increased capital flows.²² Evidence of benefits also is cited in country-specific reports. An Argentine insurance agency “amended its past errors” and was, the report claimed, on the verge of showing profits for the first time in years (Business Wire 2002b). The adoption of superior templates and the restructuring of governance and reporting structures may increase efficiency of firms or governmental units. Perhaps convergence will bring growth and development. Perhaps the promises made (yet never fully realized) for open markets and for foreign direct investment will finally show fruition with a single global capital market.

But there are also concerns. Morgan of the Financial Times wrote that there was plenty of transparency in the recent Asian crisis, and everybody knew what was going on. The wealth of information, he says, acted as “a red rag to a bull market” (1998). In Latin America, concerns also have been expressed regarding the negative economic consequences of these reforms. Privatization in Brazil, for example, netted the state only a small portion of the market value of firms. And, with the period of large sales of state assets over, there was less lucrative work for banks that coordinated these deals for multimillion dollar fees (Romero 2002). This in turn, left less-attractive targets for outside investors, and less capital for the state to invest in growth-promotion projects. In response to this volatility, “President Cardoso announced in September of 1998 that he was stopping short-term capital flows, in a move designated to restrict the scope for speculators and hedge fund operators” (Cambridge International 1999). Others expressed concern that the high interest rates required to attract

²² Quinn and Inclan (1997) offer an extensive summary of the scholarship on consequences, both the positive and negative.

foreign capital (40% a year in 1998) would act as a brake for middle classes consumers who could no longer afford the items that they had previously bought (Cohen 1998). On balance, the reforms to minimize capital account regulation have supporters and critics. The highlighting of negative consequences might not be sufficient to refute the consensus model, but it certainly lends support to the notion of consent.

The Remaking of Dependency Relations and the “Lula-Meter”

From a world-system perspective, dependency relations have been recast. The term “dependency” has always implied more than poverty or harmful effects of adopting exogenously developed organization forms. It suggests that decisions made exogenously about domestic rules and norms, and adopted under pressure from agents who present them as *quid-pro-quo* for receiving foreign capital flows, may negatively affect economic development, social welfare, and political sovereignty.

This goes beyond the negative consequences described above. Scholars have identified the fiscal and monetary problems associated with increased capital account liberalization and its impact on the state’s ability to administer its industrial policy, maintain political patronage, and finance its own activities (Haggard and Maxfield 1999). Rodrik amplifies the trilemma of international economic integration (that a country cannot simultaneously maintain independent monetary policies, fixed exchange rates, and open capital accounts) to a political trilemma (a country cannot simultaneously have international economic integration, strong nation-state, and mass politics) (2000:180). The ability to promote general social welfare and, therefore, democratic legitimacy has typically depended on a sovereign and viable nation state, but the new globalization has led to what Stoper calls the “deterritorialization of economic power” (1997:32), and what Evans calls the “eclipse of the state.” While the cold war may have required an international system of nation-states, the new global system does not. And, the shift was accompanied by a series of new arguments about why states are anachronisms. Evans contends that the particular aspects of the new global economy that provided rationales for low “stateness” include the increasing weight and changing character of transnational economic relations, and the growing global hegemony of an Anglo-American ideology regarding the rules of economic engagement (1997:63–65). In this environment, Stinchcombe views nation-states as a source of “solidarity,” which in any form is a barrier to capitalism because for capitalism to spread, so too must its logic (2003:413). All authors recognize that the eclipse rhetoric refers to nation-states exercising their traditional roles (industrial policy, redistribution, and etc.), and that nation-states still remain crucial for facilitating international capital flows.

Dependency relations, consolidated through capital flows, threaten to affect the legitimacy of Brazil’s democracy. With the increasing integration of Brazilian municipalities into the global financial markets, unelected and “non-citizen” actors (foreign investors) become participants in domestic politics and public policy. “Who elected the bond raters” is an updated version of Pauly’s question “Who elected the bankers” (1997). Raters, who represent speculative capital movements with short-term financial considerations, and who will never have to live with the social or political consequences, pass judgment on everything ranging from the Brazilian Constitution to municipal welfare spending. They rendered judgments on the 2002 presidential election.²³ The EKNs used their statistical indices to weigh in when it appeared that the candidate from the PT (Workers’ Party) might win: Merrill Lynch and Morgan Stanley Dean Witter shifted their recommendations; Brazilian Brady bonds dropped sharply, as the C-bond traded below 80 per cent of face value early that week; the country risk, as measured by the JP Morgan emerging market bond index, rose to 825 points (a month earlier ago, the index was near 700 points); and Goldman Sachs created a “Lula-meter,” a mathematical model designed to evaluate how much the markets had “figured in” the probability of a Lula victory. In the period just prior to the election, these statistical sermons were accompanied by punitive actions. Citigroup cut its Brazilian exposure selling off, as did Bank of America. The speed with which many banks pulled back, or even left the country, was a surprise to many Brazilians (Romero 2002). The Wall-Street “candidate” did not win the 2002 Presidential election. Nevertheless, the international pressure to reduce social expenditures, reform social security and the like, have left the elected President Lula de Silva with reduced degrees of public-policy freedom.

The potential for democratic instability is latent in contradictory mandates received by President Luiz Inacio Lula da Silva. Financial openness produces macroeconomic policies that are often at odds with programs mandated by electoral supporters (Quinn and Inclan 1997:773). As a member of the PT,

²³ George Soros was reported to have said at a dinner offered by the Council on Foreign Relations “In Rome, only the Romans voted, in modern global capitalism, only Americans vote, Brazilians don’t vote.” Reported in the Brazilian newspaper, “Folha de S. Paulo,” the comment was in reference to the upcoming Brazilian presidential election in which Soros believed that Brazil had to elect the candidate Serra over Lula da Silva (who was elected). If candidate Jose Serra was not elected, Soros predicted, the country would drown in chaos, and the financial markets would retreat. This, commented the reporter, is absolutely antidemocratic in the sense that the threat impedes theoretically sovereign electors from choosing the candidate that they prefer (Rossi 2002).

he was elected because he campaigned on the need to give a higher priority to the social needs of the citizenry.²⁵ As President of an “emerging market,” he must respond to the global investors. Given the orchestrated pressure emanating from the rating houses in the developing countries and the capital needs of emerging markets, Latin American nations have limited choices but to accept the conditions attached to those global portfolio flows. The fact that Brazil resists some of the recommendations (or that there is variation) does not challenge the “consent” argument. To the contrary, the very push and pull is more typical of coercion than consensus.

While the notion of a world-culture filled with superior ideas and frames, adopted by independent nations, is an attractive one, it misses much of the way in which this new phase of globalization has unfolded. Globalization is a euphemism for the current restructuring of the international economy (Klak 1998). The world-systems approach allows us to theorize the phases of economic change, the causes of paradigm shifts, the dissemination of new paradigms by new emissaries, and their potential punitive capacities. Brazilians have embraced liberalism and transparency, but this new globalization has not altered one basic process: the relationship between the developed nations and the developing ones still has a component of dependency.

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²⁴. As one voter put it “I know that there is much pressure on Lula to cut our pensions...But many people like me voted for him because we felt the previous government paid too much attention to the bankers and the business community and ignored the needs of the poor and the ordinary workers. We voted for him because we see Lula as one of us and if he cuts our pensions, many of us will be very, very disappointed in him” (Jeter 2003).

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Appendix A – Selection of Indices

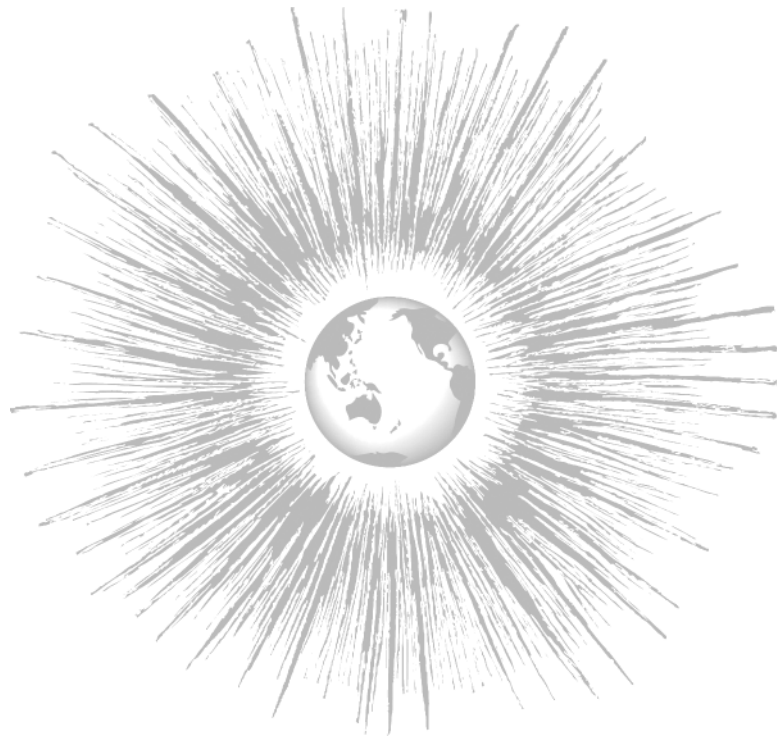
		Founded [or Year 1]	Unfavorable Score	Good score	Source/ Brief description
CPI	Corruption Perceptions Index	1993	'0' highly corrupt	'10' highly clean	Transparency International
GCI	Growth Competitiveness Index	2001/2002	102 [ranked worst -based on number of countries]	1 [ranking most competitive]	Evaluates factors that will contribute to growth: environment, institutions, policies, technology, and structures. Based on Data and Executive Opinion Survey. World Economic Forum. Jeffrey Sachs & John McArthur (Blanke 2004).
GCS	Global Civil Society Yearbook	2002	multiple scores		Evaluation of infrastructure needed to promote democracy and development. Anheier, Helmut. Study of Global Governance and the Centre for Civil Society at the LSE (with the Center for Civil Society at UCLA) p. 17.
GCSI	Johns Hopkins Global Civil Society Index	2004	0	100	Scores countries for the capacity, sustainability and impact of their civil society (nonprofit) sectors. Lester Salamon and Wojciech Sokolowski. At John Hopkins University
GI	Globalization Index	2001	62 (lowest ranked)	1 (highest ranked)	Composite levels of international integration: 1) trade, payments and receipts, flows of FDI & portfolio flow, convergence of domestic & world prices; 2) personal contact: travel, tourism, telephones; and 3) technology. A.T. Kearney, Foreign Policy Magazine and Global Business Policy Council.
IEF	Index of Economic Freedom	1995	5 (most economically repressed)	1 (freest)	10 categories measured-trade policy, fiscal burden of government, government intervention in the economy, monetary policy, capital flows and foreign investment, banking and finance, wages and prices, property rights, regulation and informal (or black) market activity-tend. Wall Street Journal and The Heritage Foundation. 155-161 countries

Appendix A – Selection of Indices (Continued)

		Founded [or Year 1]	Unfavorable Score	Good Score	Source/ Brief Description
OI	Opacity Index	1/2001	150 (completely opaque)	0 (completely transparent)	The five-dimension scale is based on extensive interviews with global elites such as CFOs, bankers, equity analysts, and their own in-country consultants. PricewaterhouseCoopers.
	Opacity Risk Premium	2001			Based on the OI. Indicates the increased cost of borrowing faced by national governments due to their own opacity (100 basic points = one percent point increase in interest). PricewaterhouseCoopers (PwC)
	Tax Equivalent	2001			Based on the OI. Opacity will raise the cost of doing business, an estimated amount called 'Tax Equivalent'—the equivalent of a surtax on investment. PricewaterhouseCoopers.

BOARD INTERLOCKS AND THE STUDY OF THE TRANSNATIONAL CAPITALIST CLASS*

Clifford L. Staples



ABSTRACT:

In a recent synopsis of theories and findings on transnational corporate ties published in this journal, Nollert (2005) argues that while there may be good theoretical reasons to hypothesize the emergence of a Transnational Capitalist Class (tcc), to this point there is relatively little empirical evidence, aside from Sklair's (2001) work, to support the claim that such a class exists or is forming. However, a few researchers have attempted to apply the study of interlocking directorates to the search for a network of transnational directors who might be in a position to form such a class. Drawing on empirical findings on the world's largest transnational corporations and banks reported elsewhere (Staples 2007a; Staples 2007b), as well as additional analyses done specifically for this paper, I argue that studies that rely exclusively on transnational corporate interlocks dramatically underestimate the extent of the tcc network because

such studies count only transnational connections between corporations and miss transnational connections within corporations—connections that have grown more numerous in recent years as corporate boards have become more multinational, largely as a result of the concentration of global capital. Counting both between and within transnational capitalist connections points to a far greater level of capitalist transnationality than is suggested by focusing exclusively on between corporate connections, as has been done in this work so far. And while the existence of such a network falls well short of convincing proof that a tcc exists, it does show that capitalists from different countries increasingly have opportunities to interact as they work together to run the world's largest corporations, and it is out of such interactions that we would expect a tcc to emerge.

INTRODUCTION

In a recent synopsis of theories and findings on transnational corporate ties published in this journal, Nollert (2005) argues that while there may be good theoretical reasons to predict the emergence of a Transnational Capitalist Class (tcc), at present there is not much evidence to support the claim that such a class exists or is forming. Since relatively few empirical studies of the tcc are available (Sklair 2001; Carroll and Fennema 2002; Carroll and Carson 2003; Carroll and Fennema 2004; Kentor and Jang 2004; Kentor and Jang 2006; Carroll and Fennema 2006; Nollert 2005), the absence of convincing evidence for the existence of a tcc is not surprising, but if work on this interesting and important topic is to advance, we do need more empirical studies on the tcc from a variety of theoretical and methodological perspectives. Building on previous work (Staples 2007a; Staples 2007b), the purpose of this paper is to advance the sociological study of the tcc by offering an appreciative, empirically grounded, critique of the prevailing interlocking directorate approach to this problem (Carroll and Fennema 2002; Carroll and Fennema 2004; Kentor and Jang 2004; Kentor and Jang 2006; Carroll and Fennema 2006). While these researchers disagree over sampling issues, the interpretation of findings, and other matters, they would seem to agree that evidence of a tcc, or at least a tcc "in-itself," is to be found primarily in the presence of corporate interlocks within the global economy, particularly "transnational interlocks" in which a director

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serves on the board of two (or more) corporations from different countries. As is discussed below, I have no particular quarrel with studying transnational corporate interlocks as a first step in the search for evidence of a TCC, but what I try to show using data on the 148 largest transnational corporations and banks (TNCs), is that an exclusive focus on the transnational connections between capitalists from different corporations (i.e. corporate interlocks) would appear to rather dramatically underestimate the extent of transnational connectedness among the directors of the world's largest corporations. This problem occurs because these researchers have so far failed to register the increasingly important transnational ties that exist between directors from different nations who serve on the same TNC boards. In short, researchers so far have counted only transnational links *between* corporations and have ignored the transnational links that now increasingly occur *within* corporations. These links have come about as a result of what I have called "board globalization,"—a phenomenon driven in large part by the dramatic upsurge in cross-border acquisitions in the late 1990s (Staples 2007a; Staples 2007b).

Nollert (2005) has recently provided a thoughtful overview of research on transnational corporate ties, and so I will not recycle that discussion here. And elsewhere (Staples 2007b) I have explained my particular approach to the study of the TCC. My specific purpose here is to inform researchers that the increasingly multinational composition of TNC boards means that transnational capitalist networks exist within as well as between transnational corporations, and to argue that we must pay attention to these within-corporation networks as well as between corporation networks as we try to map and monitor the hypothesized emergence of the TCC.

In part one I offer a definition of the TCC to help assess empirical studies designed to study it. In part two I show, using data collected on the world's largest TNCs and their directors for 2005, how an exclusive focus on connections between corporations dramatically underestimates the extent of connections that exist between capitalists from different nations. And while the existence of such a network falls well short of convincing proof that a TCC exists, it does show that capitalists from different countries increasingly have opportunities to interact as they work together to run the world's largest corporations, and it is out of such interactions that we would expect a TCC to emerge.

THE TRANSNATIONAL CAPITALIST CLASS

Capitalist class formation is conceived here as a process in which individuals who share a common position relative to the appropriation of profit (via capitalist production) evolve into a self-conscious, socially-exclusive elite who recognize that they share common interests in preserving capitalism and their position

within it and are prepared to act to preserve those interests (Marx 1976 [1867]; Resnick and Wolff 1987:109–63; Robinson 2004:36). Marx attempted to capture the beginning and end of this class formation process, of course, with his famous concepts of a "class-in-itself" and a "class-for-itself" (Marx 1995 [1847]:188–89). As a rough approximation, these terms, and the socio-historical process they imply, are useful. But the process itself must be studied closely and empirically, as Marx himself did, in any particular time and place. As I envision it, then, to study the process of capitalist class formation, means first identifying the people who are in a position to appropriate the fruits of capitalist production. Once we identify who the capitalists are, we can then chart their social arrangements and networks in order to monitor their evolution from a "class-in-itself" to a "class-for-itself."

To date, perhaps owing to at least a tacit acceptance of a basic Marxist understanding of capitalism and class, most researchers who study the TCC seem to be working implicitly with something like the above definition (Sklair 2001:17; Robinson 2004:36; Carroll and Fennema 2002:396; Kentor and Jang 2004:357). Moreover, when it comes to actually doing empirical work, everyone involved agrees that the directors and executives of transnational corporations are the most important, if not the only, members of any TCC. This is, of course, why most of the researchers working on this topic have focused on mapping the network of interlocking directorates: the presumption is that the existence of such a network is a prerequisite to TCC formation. As Nollert recently put it when discussing the existing evidence on the TCC, "...until we can identify a social network whose members share a transnational identity and pursue common political interests, we cannot verify the existence of a transnational class" (Nollert 2005:294). All researchers working on this problem would seem to agree with Nollert that identifying this transnational social network is a necessary, though insufficient, first step in the study of the TCC.

Thus, most empirical work on the TCC has focused on the problem of identifying the social network of transnational capitalists from whom we would at some point presumably expect to see emerge a transnational identity and the pursuit of common political interests.¹ To this point, two teams of researchers—Carroll and Fennema on the one hand, and Kentor and Jang on the other

¹ As a reviewer of this paper pointed out, in agreement with Nollert, network analysis alone does not demonstrate the existence of a TCC. I couldn't agree more, which is why I see this work as but the first step in the search for such evidence. First we have to identify the individuals involved; then we can figure out what they are doing, and whether those doings looks like the doings of a Transnational Capitalist Class.

hand, have produced conflicting findings on the extent of growth over the past thirty years in the global network of corporate directors, and have been trying to reconcile those findings while arguing about methodological issues (Carroll and Fennema 2002; Carroll and Fennema 2004; Kentor and Jang 2004; Kentor and Jang 2006; Carroll and Fennema 2006; Nollert 2005). I am less concerned, however, with what these researchers disagree about than with what they seem to agree upon: that the existence of the transnational social network is to be found in the linkages that occur between corporations from different countries as a result of director interlocks. As I will try to show below, I think the exclusive focus on connections between directors from different corporations underestimates the extent of the transnational capitalist social network.

To understand the problem it is necessary to consider just what it is we think is “transnational” about the Transnational Capitalist Class. Research on this topic has grown out of a tradition of research going back at least to Mills’ work in the 1950s and Domhoff’s work beginning in the 1960s (Mills 1956; Domhoff 2006; see also Zeitlin 1989) on national capitalist classes, and in this literature it was always assumed that the national capitalist classes consisted largely of citizens of the nation in question. Against this background of the study of a national capitalist class, what has captivated the interest of observers in and out (Faux 2006) of academia is how the globalization of capitalist production might today be generating a class of individuals who develop identities that override, displace, or subordinate their national identities.

Sklair (2001:2) notes that “...*transnational* refers to forces, processes, and institutions that cross borders but do not derive their power and authority from the state.” Given this definition, and the sociological commonplace that social identities emerge from social interaction, the emergence of transnational capitalist class identities is predicated on the existence of a transnational network of individual capitalists. In short, a member of the transnational capitalist class is presumed to develop feelings of commonality and shared interests *with capitalists from other nations*.² The Transnational Capitalist Class is, therefore, also a *multinational* capitalist class. And looking for evidence of a multinational capitalist class is just what Carroll, Fennema, Kentor, and Jang would appear to be doing when they identify transnational corporate interlocks, i.e. directors who serve on the boards of corporations from different countries.

² While it is possible to imagine a supra-national capitalist class consisting of individuals from one nation—all of the world’s largest transnational firms owned and run by U.S. nationals, for example—it might be more appropriate to refer to such a class as an *Imperialist* Capitalist Class rather than a *Transnational* Capitalist Class.

TRANSNATIONAL LINKAGES BETWEEN AND WITHIN CORPORATIONS

For my purposes, the most important evidence produced by the work of Carroll, Fennema, Kentor, and Jang concerns the number of transnational lines (links or connections) identified in the network of interlocking directorates that make up the global corporate economy. In their 2002 article entitled “Is There a Transnational Business Community?” Carroll and Fennema (2002: 408) write: “...the entire international network consists in a combination of national lines (interlocks between companies headquartered in the same country) and transnational lines (interlocks between companies headquartered in different countries).” These researchers then go on to report, based on a much earlier groundbreaking study by Fennema (1982), that the number of such transnational links was 84 in 1976 and 88 in 1996, and that this change represented only a very small increase in the proportion of transnational to total links from 22.8% to 24.8%. From this they conclude that there has not been much growth in the transnationality of the world’s national capitalist classes during this twenty year period.

In a critique of this work published in 2004 entitled “Yes, There is a (Growing) Transnational Business Community” Kentor and Jang (2004) take issue with Carroll and Fennema’s sampling, and provide evidence from a study of the *Fortune Global 500* of 120 transnational links in 1983 and 186 transnational links in 1998, but with lower proportions of transnational links—13.2% in 1983 and 17.0% in 1998 than were reported by Carroll and Fennema (Kentor and Jang 2004:359). And while these researchers continue to argue over theoretical and methodological issues (Carroll and Fennema 2004; Kentor and Jang 2006; Carroll and Fennema 2006), it is critical for the discussion below to understand that (1) both groups of researchers have attempted to measure the growth in the transnational capitalist social network primarily in terms of interlocks between companies headquartered in different countries, and (2) neither group of researchers has so far attempted to directly measure the nationalities of their capitalist directors.

While none of the researchers above explicitly discuss how directors who serve on corporate boards headquartered in different countries function as a transnational capitalist (or “business”) network, it seems safe to assume that something like the following underlies their reasoning: corporations headquartered in different countries will be directed by individuals from different countries and so when, for example, a director from a Canadian company also serves on the board of a French company, this interlock brings together that Canadian director with a board of French (or at least predominantly French) directors, producing a cluster of links in what is presumably a wider network of transna-

Table 1 – Increase in TNC Board Globalization 1993–2005

	No	Yes
Presence of Non-National Board Member 1993	51 (63.8%)	29 (36.2%)
Presence of Non-National Board Member 2005	20 (25.0%)	60 (75.0%)

tional capitalist directors. This is an entirely reasonable assumption (assuming, as well, that all of the directors involved are not from the same country), and so given that a Transnational Capitalist Class must, by definition, also be a multinational capitalist class, research such as that conducted by Carroll, Fennema, Kentor, and Jang that focuses on transnational interlocks does, I believe, provide us with a measure of the extent to which a TCC-in-itself exists.

At the same time, because these researchers have not to this point attempted to directly measure the nationalities of the directors who we believe should make up the TCC, there is reason to believe that this research rather dramatically underestimates the extent of transnational linkages, i.e. linkages between capitalists from different nations, because the increasingly multinational composition of TNC boards makes director relationships *within* these corporations, and not just the director relationships *between* corporations, important to TCC formation.

* * *

Very little research has been done on the nationalities of the directors who serve on transnational corporate boards, and so to test the hypothesis that TNC boards are becoming increasingly “globalized,” or multinational, I recently designed a study of board globalization among 80 of the world’s largest TNCs for the period 1993–2005 (Staples 2007a). This study confirmed that board globalization increased among TNCs during this time. I reported (see Table 1) that while in 1993 only 29/80 or 36.3% of these companies had at least one non-national board member, by 2005 60/80 or 75% of these companies had at least one non-national board member—evidence of a substantial increase in board globalization during the past decade.

At the same time, however, the evidence also showed that while the practice of appointing “foreign” board members had certainly become more widespread among the world’s largest TNCs, on average national board members were still in the majority; 25% of these corporations had no non-national directors; 66% had 50% or fewer; and only 9% had more than 50%. In the aggregate, of the 929 directors running these TNCs in 2005, 228 or 24.5% were “foreigners” on

the boards on which they served. Nevertheless, the evidence from this study shows that if we are interested in connections between capitalists from different countries, it is no longer possible to focus exclusively on links between corporations; we must also take account of links between capitalists from different countries that exist within corporations, and to do so we must directly measure the nationalities of directors.³

* * *

To illustrate the implications of ignoring within-company links between capitalists from different nations, I use data from my on-going research on the world’s 148 largest TNCs and banks collected in late 2005 (see the Appendix for the list of TNCs studied). Methodological details for this work can be found in Staples (2006a; 2006b).

First, I computed the number of transnational links *a la* Carroll & Fennema (Carroll and Fennema 2002:408) and found that of the 313 lines connecting one corporation to another in my data 105 connected directors who served on the boards of corporations from different countries, i.e. there were 105 transnational corporate interlocks. This is a slightly higher proportion of transnational links—33.5%—than Carroll and Fennema found for 1996 (24.8%), and double what was found by Kentor and Jang for 1998 (17.0%). But, given that I measure individual nationality directly (rather than use the “corporate nationality as a proxy) and that my sample is the smallest, most recent, and also is restricted to the very largest and most highly transnational (in terms of operations) TNCs, the higher level of transnationality is not entirely unexpected. In any case, my point here is not so much to provide new estimates of corporate transnationality as it is to show how any such estimates will be too low if the increasingly multinational composition of TNC boards is not taken into account.

As discussed above, the increase in the frequency of multinational TNC boards that I reported previously (Staples 2007a) means that an exclusive focus on transnational links between corporations misses the transnational links that occur between directors who serve on the same boards. My sample of 148 TNCs includes 2,147 director positions. To count the number of total and transnational links within corporations I first calculated, for each corporation, the total number of possible unique dyadic links (i.e. unique relationships between

³ It should be noted that both Sklair and Robinson have also pointed to the increasing multinational composition of TNC boards as evidence of TCC formation (Sklair 2001:22, 79; Robinson 2004:62–64); however, these researchers only noted this trend in passing, and relied exclusively on secondary sources.

any two directors). For these 148 corporations there are a total of 16,183 unique dyadic links possible.⁴ I then calculated that of the total number of possible links, 4,061, or 25.09%, are transnational links. That is, 4,061 links connect directors from different countries who serve on the same TNC boards. What these results show, is that if we define the TCC as, at minimum, consisting of a network of capitalists from different countries (Nollert 2005), then it is clear that ignoring the transnational links that exist between capitalists from different countries who serve on the same TNC boards rather dramatically underestimates (in my sample, 105 versus 105+4,061=4,166) the number of such linkages that exist in the upper echelons of the corporate global economy. Thus, if we want to accurately map and monitor the expected emergence of a TCC from the network of transnational corporate directors, it seems critical in the future to examine both the connections and relationships that are formed within corporate boards as well as those that exist between them. This is not to say that these two different types of linkages have exactly the same consequences for TCC formation, only that both types of linkages are likely relevant for TCC formation. Future empirical research will be necessary to determine if or how they differ.

But, as implied above, for the study of the TCC to move forward it will become increasingly important for researchers to collect data on the nationalities of individual directors—currently no easy task (Staples 2007a; Staples 2007b). Yet, the necessity of doing so—at least for studies specifically designed to explore the emergence of a TCC—is clear. If the Transnational Capitalist Class is thought to consist of capitalists from different nations, i.e. if it is a multinational class, then obviously to identify this class we need data on the nationalities of the individuals who are believed to comprise it. Moreover, there is no reason to believe that the trend toward more multinational boards will stop or reverse—in fact, reading the business press one would conclude that the trend is only likely to continue—and so these boards, acting as thousands of mini “World Economic Forums” will constitute an ever-increasing proportion of transnational capitalist ties. And so studying what is going on within TNC board rooms is going to become increasingly important.

Once we are able to establish the existence of such a multinational network of capitalist directors we can then move on, as Nollert (2005:294) suggests, to the even more challenging problems of studying the transnational capitalist

⁴ To calculate this number involves, for a board of n members, the number of combinations of n elements taken 2 at a time, usually called “ n choose 2.” The formula for each board is $n(n-1)/2$, and 16,183 is the sum of all the possible links for the 148 boards.

identities presumably emerging from this network as well as the political projects undertaken on its behalf.

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APPENDIX: TRANSNATIONAL CORPORATIONS AND COMMERCIAL BANKS INCLUDED IN THIS STUDY

Abbott Laboratores	Deutsche Telekom
ABN AMRO	Dexia
AES	Dow Chemical
AIG Group	Du Pont
Alcan	Duke Energy
Alcoa	DZ Bank Group
Allianz Group	E.ON
Altria	EDF
Anglo American	Endesa
Aviva	ENI SPA
AXA	ExxonMobil
BAE Systems	Fiat
Banca Intesa	Ford
Bank of America NA	Fortis
Bank of China	France Telecom
Barclay's Bank	General Electric
BASF Group	General Motors
Bayer Group	Glaxosmithkline
Bayern	Goldman Sachs
Bertelsmann	Groupe Credit Mutuel
BHP Billiton	Grupo BBVA
BMW	Grupo Santander
BNP Paribas	Gruppo Assicurazioni Generali
BP	HBOS
British American Tobacco	Hewlett-Packard
Cadbury Schweppes	Hitachi
Caisse des Depots et Consignations	Holcim
Carrefour	Honda Motors
Chevron	HSBC Bank
China Construction Bank	Hutchison Whampoa
Christian Dior	HVB Group
Cie de Saint-Gobain	IBM
Citigroup	Industrial and Commercial Bank of China
Commerzbank	ING Group
ConocoPhillips	International Paper
Credit Agricole	JPMorganChase
Credit Suisse	Koninklij Ahold
CRH	Lafarge
Daimler-Chrysler	LB-BW
Deutsche Bank	Lloyds TSB Bank
Deutsche Post	LVMH Moet-Hennessy Louis Vuitton

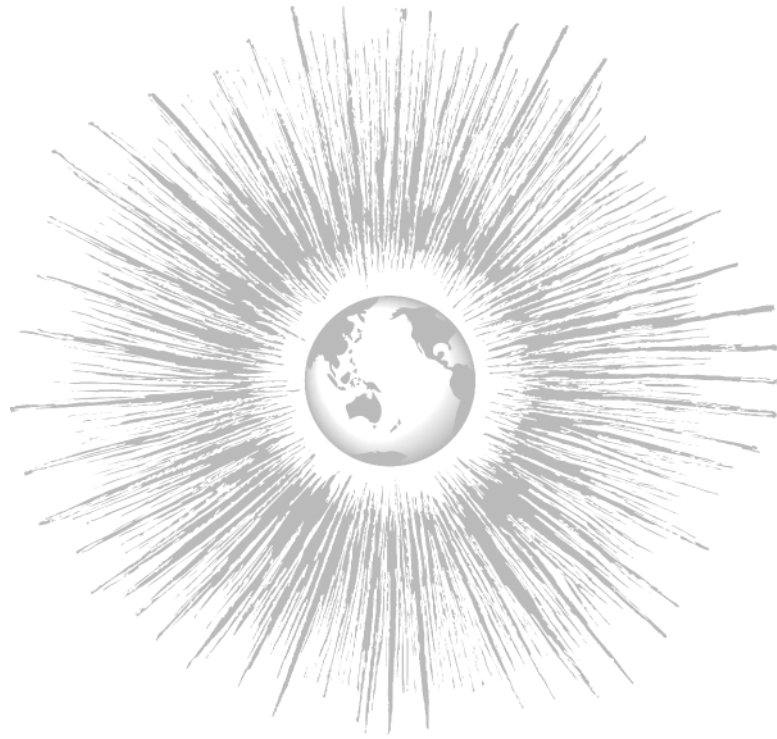
Marubeni	Stora Enso Oyj
Matsushita Electric	Suez
McDonald's	Sumitomo Mitsui Financial Group
Merrill Lynch	Telecom Italia
Metro	Telefonica
Mitsubishi	Thomson Corporation
Mitsubishi Tokyo Financial Group	Thyssenkrupp
Mitsui & Co.	Total
Mizuho Financial Group	Toyota Motor
Morgan Stanley	UBS
Motorola	Unilever
National Grid Transco	United Technologies
Nestlé	Veolia Environment
News Corp	Verizon
Nissan Motor	Vivendi Universal
Nissay	Vodafone Group
Nokia	Volkswagen
Nordea Bank	Volvo
Norsk Hydro	Wachovia Bank
Novartis	Wal-Mart Stores
Petronas Gas	Wells Fargo Bank
Pfizer	Wyth
Philips Group	
Pinault Printemps-Redoute	
Procter & Gamble	
Publicis Groupe	
Rabobank Nederland	
Renault Group	
Repsol-YPF	
Resona Holdings	
Rio Tinto	
Robert Bosch	
Roche Holding	
Royal Bank of Scotland Group	
Royal Dutch/Shell Group	
RWE Group	
Samsung Electronics	
Sanofi-Aventis	
Scottish Power	
Siemens	
Singapore Telecommunications	
Societe Generale	
Sony	
Statoil	

SEMIPERIPHERIES IN THE WORLD-SYSTEM: REFLECTING EASTERN EUROPEAN AND LATIN AMERICAN EXPERIENCES*

Manuela Boatcă

THE SOCIALIST EXPERIMENT(S) – ANTISYSTEMIC OR SYSTEM-PRESERVING?

In terms of the potential for transformation with which it has been credited, the socialist solution to global inequality has been considered both among the most promising and among the most overrated political strategies of the past centuries. Especially after the concerted collapse of communist regimes in Eastern Europe and the allegedly definitive triumph of liberalism on a worldwide scale (Fukuyama 1992), the exhaustion of such potential became the political wisdom of the day. Scholarly attention accordingly shifted away from the competition within the formerly “bipolar” political system and toward an assessment of the postsocialist societies’ chances of moving from the Second World into the First, i.e., of “catching up” with the advanced capitalist countries. Yet, against the backdrop of Eastern Europe’s ever more clear Third-Worldization (Frank 1992:40ff., Böröcz 1999:200), the negatively descriptive category of “postsocialism,” still not satisfactorily replaced or updated fifteen years after



ABSTRACT:

This paper claims that, since many of the concepts relevant to our analysis of systemic change were coined in and about the core, the potential with which solutions to world-systemic crisis are credited in the long run should be assessed differently depending on the structural location of their origin. In the periphery, such concepts as conservatism, socialism and even liberalism took forms that often retained nothing of the original model but the name, such that strategies of applying them to (semi)peripheral situations ranged from “stretching the ideology” to “discarding the (liberal) myth” altogether. In a first step, “the hypothesis of semiperipheral development” (Chase-Dunn and Hall), according to which the semiperiphery represents the most likely locus of political, economical, and

institutional change, is amended to say that, at least for the late modern world-system, the strength of the semiperiphery resides primarily in the cultural and epistemic sphere. In a second step, this contention is illustrated with the help of major challenges that the Eastern European and Latin American (semi)peripheries have posed to the world-system’s political fields and institutional settings both in the past and to date—with different degrees of success corresponding to their respective structural position. In light of these examples, it is argued that a comparative analysis of continuities among political epistemologies developed in the semiperiphery can help us understand the ways in which similar attempts can become antisystemic today.

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the regime change, loses more of its explanatory value every day, as the region's attractiveness for mainstream social science is dwindling.

From a world-systems perspective, on the other hand, socialism was a political structure used by semiperipheral nations in order to adapt to stage four in the evolution of the modern world-system—the “consolidation” of the industrial capitalist world-economy (Wallerstein 2000:97). As in the case of the Russian Revolution of 1917, which marked the beginning of that stage, the emergence of socialist states was seen as an instance of the classic mercantilist technique of semi-withdrawal from the world economy intended to stem a decline towards a peripheral status. The availability of core elements at the moment of “socialist revolutions,” Wallerstein pointed out, had made it much more likely for such a path to be chosen by Russia, China, and Cuba than by Thailand, Liberia, or Paraguay—that is, by peripheral countries lacking both the manufacturing beginnings and the skilled personnel necessary for the successful application of a mercantilist strategy (Wallerstein 2000:100). Thus, world-systems analysts contend that through the allocation of a larger share of the world economic surplus, the socialist states had contributed to depolarizing the capitalist system and had therefore consolidated—not undermined it—as the Cold War ideology implied. More important than on the economic level, however, was the equally stabilizing function they performed on the political level (Wallerstein 2000:91). By preventing the unified opposition of all non-core areas against the upper stratum, the emergence of socialist countries as a middle stratum—both agent of and subject to exploitation—had filled the required intermediate slot by which semiperipheral states, regardless of their economic roles, had ensured the survival of the modern world-system since its inception. Hence, while their economic function remains significant for the system's operativeness, it is primarily the political task that accounts for differences among semiperipheral countries.¹ To world-systems analysts, then, the collapse of Eastern European communist regimes 1989 through 1991, rather than heralding the triumph of liberalism as the systems' leading geoculture, had actually underscored the increasing lack of legitimacy of both liberalism and Marxism as the system's ideological underpinnings (Wallerstein 1991b:2).

¹ “The essential difference between the semiperipheral country that is Brazil or South Africa today and the semiperipheral country that is North Korea or Czechoslovakia is probably less in the economic role each plays in the world-economy than in the political role each plays in conflicts among core countries” (Wallerstein 1979:75).

THE TRANSFORMATIVE POTENTIAL OF SEMIPERIPHERIES

Comparative world-systems studies later built and expanded on this particular case with a view to providing an explanation of fundamental transformations in systemic logic in the long run. According to the “hypothesis of semiperipheral development” (Chase-Dunn 1988:31), both system structures and modes of accumulation are often transformed as a result of institutional and organizational changes occurring in semiperipheral areas. On account of being the most likely location in which social, institutional and technological innovation, new centers of resource control, and transformational actors will first emerge in the system, the structural position of the semiperiphery as such therefore comes with “developmental (or evolutionary) significance” (Chase-Dunn and Hall 1997a:79). This is not only true of previous world-systems, but also of the modern one, all of whose successive hegemons—the Netherlands in the seventeenth century, Great Britain in the nineteenth, the United States in the twentieth—have previously been semiperipheral states (Chase-Dunn and Hall 1997b:432). More importantly still, “the rise of the West” to the core of the modern world-system can be reasonably interpreted as an instance of semiperipheral development within the larger Afroeurasian system of the fifteenth century (Chase-Dunn and Hall 1997b:408).

The logic behind this argument rests on a twofold premise: on the one hand, as regions located between competing core and peripheral zones, mixing both core and peripheral organizational forms, and displaying institutional features halfway between those in the (proximate) core and those in the (proximate) periphery (Chase-Dunn and Hall 1997a:78, Chase-Dunn 2005), semiperipheral areas enjoy what has been variously theorized² as the “privilege of historic backwardness” (Trotsky 1932:4). Access to the latest technologies, unencumbered, however, by the costs of empire, as well as a lesser vulnerability to combined attack from core competitors (Chase-Dunn and Hall 1997b:414) foster a condi-

² Systematically dealt with for the first time within evolutionary cultural anthropology (Sahlins and Service 1960), the innovative potential inherent in a region's lack of specialization and the greater developmental success resulting from it had been previously theorized with respect to the “late industrializers” in terms of the “advantage of backwardness” (Gerschenkron 1966) or the “merits of borrowing” from an already-industrialized neighbor (Veblen 1915, in: Sahlins and Service 1960:99) allowing late-comers to “skip stages” of their predecessors' industrial evolution (Trotsky 1932:4). The different wording notwithstanding, Chase-Dunn and Hall (1997a:82) consider these and other related approaches as akin to their own view that a semiperipheral location is a fruitful locus of transformational changes.

tion allowing intermediate areas to develop an increasing comparative advantage relative to the core and gradually come to dominate the system.

On the other hand, the semiperiphery's intermediate structural position in the world-system provides the best-suited ground for successful antisystemic movements. While core exploitation of the periphery accounts for the formation of a large middle-class segment and of a labor aristocracy in the core, both of which have habitually acted to the detriment of political polarization, class struggle in the periphery has either been suppressed by core intervention or has taken a back seat in favor of nationalist class alliances against the core (Chase-Dunn 2001:606). By contrast, the semiperiphery has enjoyed the particular condition arising from the "double antinomy of class (bourgeois-proletarian) and function in the division of labor (core-periphery)" (Wallerstein 1979:96f.) inherent to this structural position. As a result, both its liberation movements and its socialist revolutions have gained from the conflicting interests of semiperipheral elites and masses, and have accordingly been more class-based and more militant in character than either in the core or the periphery—a luxury they could afford not least due to the availability of relative economic and military strength needed in order to counter retaliation on the part of the core. Hence, in this view, the establishment of communist regimes in the semiperiphery and the strong antisystemic challenge they posed to core capitalism in terms of providing an oppositional ideology, transforming the dominant mode of accumulation, and limiting the mobility of capital (Chase-Dunn 2001:604) stand proof of the transformative potential of such intermediate positions in the structural hierarchy. Together with the fact that previous semiperipheral locations of other revolutionary movements and political struggles, such as Mexico, Brazil, or India, resurface today as sites of organizational innovation with great transformative capacity,³ this seems to indicate a pattern of structural continuity in semiperiphery-based antisystemic strategies (Chase-Dunn 2001:602). In terms of the analysis of current antisystemic movements and the projection of future trends, therefore, the acknowledgment of such continuities entails that substantiated knowledge of the context and dynamics of earlier struggles and the theoretical approaches in which they were anchored acquires momentous relevance for a proper understanding of possible counter-hegemonic scenarios and their political consequences.

³ For an analysis of the radicalization of protest in response to new forms of dependency in today's Brazil, see Schwartzmann 2004; for several case studies concerning the new coalitions between civil society actors protesting the activities of multinational corporations in India, see Randeria 2003.

Drawing on this position, this article will contend that, in the late modern world-system, the semiperiphery⁴ remains a relevant locus of long-term social change, whose strength however now predominantly resides in the cultural and epistemic sphere. Using examples of major challenges that semiperipheral actors in Eastern Europe and Latin America have posed to the world-system's political fields and institutional settings both in the past and to date, it will be argued that a comparative analysis of continuities among political epistemologies developed in the semiperiphery can help us understand the ways in which similar attempts can become antisystemic today.

That the very structural position meant to ensure both the political and the economic stability of the world-system should at the same time perform the very opposite function—that of generating antisystemic strategies—is paradoxical at first glance. If the very causal explanation accounting for the development of the system by means of hegemonic cycles is also meant to account for its demise, the logical question to be asked is why haven't semiperipheral transformations proven antisystemic during previous hegemonic sequences? In order to provide an answer, a further dimension of semiperiphery-based change has to be factored in.

SEMIPERIPHERY REVISITED: THE EPISTEMOLOGICAL DIMENSION OF TRANSFORMATIVE PROCESSES

In the capitalist world-economy, counter-hegemonic ideologies rooted in a different cultural background than that of the dominant core have constituted a frequent means of challenging core power from semiperipheral locations. To this effect, Chase-Dunn and Hall mention both Protestantism—as a religion of the semiperiphery that democratized access to the deity and undermined Spain's religious and political authority in the process (Chase-Dunn and Hall 1997a:94)—and the equally semiperipheral communism—as a funda-

⁴ The concept of "semiperiphery" as discussed here follows the treatment given it by Wallerstein (1979), Chase-Dunn (1988), Arrighi and Drangel (1986). I agree with Burns et al. (1997) and Terlouw (1993) that the term is undertheorized relative to the notions of "core" and "periphery" and that further subdivisions within the semiperiphery would help account for the widely different levels of economic, political, technological and military strength of countries counting as semiperipheral. For the purposes of the present argument, however, the distinction between the "semicore" and the "semiperiphery" proposed by Kick (1987) and Burns et al. (1997) is however deemed inadequate for helping to explain the task of all intermediate positions of absorbing and/or resolving tensions between the core and the periphery.

mentally oppositional ideology that, at least in principle, called into question the capitalist logic of ceaseless accumulation. They however consider both to be merely types of *institutional* innovations. Yet for semiperipheral areas to be able to generate new institutional forms capable of transforming both system structures and modes of production, as this perspective suggests, the search for the particular operative rationale on which these forms are based has to be prompted by a different cultural and epistemic logic—one that, as Walter Mignolo has put it, changes the terms, not just the content of the conversation (Mignolo 2000:16). It thus follows that antisystemic initiatives emanating from today's semiperipheries tend to operate less on the mere institutional and/or state level and rely instead on transforming the world-system's geopolitical imaginary by advancing new epistemological perspectives. Hence, while semiperipheral locations have no doubt produced a disproportionate share of significant economic, political and organizational advance, the most promising challenges to the capitalist logic currently consist in the critical utopias being developed within the World Social Forum (a process initiated and consolidated in the Brazilian semiperiphery and gradually expanding into other semiperipheral areas) (Quijano 2002, Santos 2004) or inherent in theoretical revolutions such as the one advanced by the Zapatistas (in the Mexican semiperiphery) (Mignolo 2002). It can thus reasonably be argued that the tension between the stabilizing and the counter-hegemonic functions of semiperipheries belongs to the series of internal contradictions that, according to the logic Wallerstein has identified for all historical systems in general and the modern world-system in particular, are exacerbated by the secular trends to the point of bringing about the system's demise (Wallerstein 1991b:24f.). In the case of the semiperipheries, this translates as saying that, in the course of the system's evolution, their transformative potential has gone from providing a stimulus for upward mobility (challenging the core's hegemony) to engendering antisystemic strategies. As such, the extension of the "hypothesis of semiperipheral development" into the cultural-epistemological realm does not contradict the view according to which the semiperiphery is "the weak link" in the capitalist world-system (Chase-Dunn 2001:606, Chase-Dunn 2005:174)—it merely amends it by an additional—yet crucial—dimension.

Competing for a Voice: Non-Core Attempts at Shaping the System's Political Imaginary

From a postcolonial point of view, the present-day structural positions of core and periphery not only mirror economic and political tasks within the international division of labor, but also the epistemological divides between

"developed" and "underdeveloped" societies which the Eurocentric perspective of knowledge accompanying the "rise of the West" helped put in place as of the 16th century. Accordingly, the expansion of the capitalist world-economy went hand in hand with the production of truth claims about the newly colonized areas intended to legitimize the system's basic logic: "The construction of 'pathological' regions in the periphery as opposed to the so-called 'normal' development patterns of the 'West' justified an even more intense political and economic intervention from imperial powers. By treating the 'Other' as 'underdeveloped,' as 'backward,' metropolitan exploitation and domination were justified in the name of the 'civilizing mission'" (Grosfoguel 2000:370). The peripheral areas' acceptance or even internalization of the system's successive "global designs" (Mignolo 2000)—whether Christianization, the civilizing mission, Marxism, or neoliberalism—amounted to a "silencing" in terms of the production of knowledge, thereafter defined and controlled from the local histories of Western Europe (and North America).

By contrast, intermediate world-systems positions have in this respect been subjected to the same contradictory yet stimulating tendencies that characterize their social and economic development. Historically, this has meant benefiting from two conditions: first, not being the core entailed experiencing situations of political and economic domination akin to the ones in peripheral areas and facing the need to develop theoretical and practical solutions to them. Second, not being the periphery amounted to a certain degree of visibility in the production of knowledge, which intellectual projects in the "silenced societies" of peripheral areas did not enjoy. The discursive practices of the core easily illustrate the different epistemological standing of the semiperiphery to that effect: unlike the peripheral Orient, which was constructed as an incomplete Other of Europe and as the locus of barbarism, irrationality, and mysticism (Said 1994:49ff.), the semiperipheral Balkans, to which too many of the attributes that had gone into the construction of the (white, Christian, European) Western self were undeniable, have featured in the Western imaginary rather as Europe's incomplete Self (Todorova 1997:18) since at least the nineteenth century. Geographically European (by 20th century standards, at any rate), yet culturally alien by definition, the Balkans, as the Orient, have conveniently absorbed massive political, ideological and cultural tensions inherent to the regions outside the Balkans, thus exempting the West from charges of racism, colonialism, Eurocentrism and Christian intolerance while serving "as a repository of negative characteristics against which a positive and self-congratulatory image of Europe and the 'West' has been constructed" (Todorova 1997:60).

Similarly, and at approximately the same time, "Latin" America as an explicit political project of imperial France and, later, of Creole elites in the

former Spanish and Portuguese colonies of the Americas started playing the role of a new racial category, primarily defined by its marginal status with respect to Europeans and North Americans, rather than by blood descent and skin color (Mignolo 2005:73, Wallerstein 2005a:32). Until World War II, the difference attributed to the region with regard to the West was, as in the case of Eastern Europe, more one of degree than one of substance: “although ‘Latin’ American Creoles and elite Mestizos/as considered themselves White, particularly in relation to the Indian and the Afro population..., from the perspective of Northern Europe and the US, to be ‘Latin’ American was still not to be White enough” (Mignolo 2005:90). By being gradually associated with those racial, cultural, and temporal attributes that had acquired a negative connotation in the context of the self-definition of the modern West—non-White, Catholic, and underdeveloped—“Latin America” served in particular as an asymmetric counterconcept for North America in the Occidental construction of Otherness (Feres 2003, 2005).

The fact that this discursive (mal)treatment should apply to South America and East-Central Europe, whose early incorporation into the modern world-system as areas of coerced labor has made them into “the first large-scale laboratories of underdevelopment” (Szlajfer 1990:1) is therefore no coincidence. While the structural similarities between the two regions in terms of their imputed “backwardness” are sometimes acknowledged as causes for the emergence of their respective “second serfdoms” (Malowist 1966, Stahl 1993, Wolf 2001), their similar theoretical strategies for the conceptualization of this condition—themselves structural responses to that socioeconomic situation—are rarely perceived as such. The reason, as will be suggested in the following, lies not only in the different timing at which the concerns were voiced in the two locations—starting in the late 19th century for Eastern Europe and in mid-20th century for Latin America—but also, and more importantly, in the dissimilar opportunity structure for making these theoretical strategies visible beyond regional (or even state) borders.

Given the close link between structural location and valid theoretical production in the logic of Western modernity, the intellectual division of labor among world-system positions places theory, together with civilization and culture, in the core, while consigning the periphery to an object of study of the former and thus to the status of “silenced societies” in terms of the production of knowledge (Mignolo 2000:73, Mignolo 2005:109). Accordingly, at the same time that awareness of peripheral conditions was enhanced in most semiperipheral areas by their own previous experience of peripherality, the knowledge thus produced only obtained a hearing within Western cultures of scholarship once the respective areas ascended into intermediate positions in the world-system.

Thus, the radical theoretical challenge which dependency theory and liberation philosophy posed to the hegemonic idea of Latin America in the 1960s (Mignolo 2005:91; 109) owed a significant share of its success to the fact that, at the moment of its emergence, most states in the region had either already attained semiperipheral status or were well on their way to it. From this position of mid-range visibility and power it was possible to advance a dissenting approach to development as a *legitimate* Third World response to the post-war world order (Mignolo 2000:54) for which the modernization school advocated a one-size-fits-all solution. By rejecting the dominant view of underdevelopment as a “stage” previous to development, and instead conceptualizing it as a “discrete historical process through which economies that have already achieved a high level of development have not necessarily passed” (Furtado 1964:129), dependency theorists for the first time denounced the core’s explanation for economic backwardness and the corresponding “catching up” imperative for newly independent nations as “ideology disguised as science” (Dos Santos 1971:236). Against this background, the phrase “development of underdevelopment” (Frank 1966), meant to highlight what dependency theorists viewed as the essential connection between the industrialization of the core and the economic specialization of the periphery on staple agricultural production, not only came to stand for the dependency perspective as such, but also for one of the most successful epistemological shifts in the conceptualization of social change.

Political Epistemologies in Turn-of-the-Century Romania

In contrast, an equally dissident theoretical corpus dealing with the development of underdevelopment in the periphery and elaborated in Romania⁵ at the end of the 19th and the beginning of the 20th centuries never did obtain international hearing. In this case, the context of the country’s recent political independence from the Ottoman Empire and renewed peripheralization as Western Europe’s agrarian province made for the accidental geohistorical “edge” (Wallerstein 2000:89) usually considered decisive for a state’s initial eligibility for a particular structural position in the world-system. The economic

⁵ The three Romanian Principalities, Transylvania, Wallachia, and Moldavia, briefly reunited in 1600, only achieved political unity again in 1918. Because the theories to be discussed in the following were meant to apply to the development of all three provinces, the unification of which had been a long-standing political goal, reference is made to “Romania” in the remainder of this article. For a discussion of the intellectual debates of the 19th and 20th centuries in the context of the struggle for political unity, see Boatcă 2003.

and political peripheralization was therefore completed on the epistemological level by silencing the critical theories developed in the area⁶ and thus dampening their antisystemic potential. This was all the easier in view of Romania's solitary position with respect to the theoretization of backwardness within Eastern Europe at that time. While economic and political elites in late 18th and early 19th century Poland had diagnosed their country's underdevelopment as a problem and had employed innovative economic ideas and measures in order to combat it, it wasn't until after World War II that a critical awareness of underdevelopment crystallized in the region (Szlajfer 1990:3), as it would in Latin America. The dependentistas' socialist solution to the structural underdevelopment of Third World countries, conceived as a response to the uniformizing tendencies advocated by modernization theory in the 1960s, would amount to an opting out of the international division of labor. In turn, the Romanian theorists of the late nineteenth century, faced with a period of interregnum or with what has been called "the shift of peripheral axis" (Bădescu 2004:82ff.) from the periphery of the Ottoman Empire to that of the Western core, were more concerned with controlling the degree of self-determination that incorporation into the world-system entailed. Theirs was therefore a search for a modernization process tailored to the country's specific needs and the solutions offered covered a wide range of options and political stances with potential for systemic change.

Their starting point was the "theory of forms without substance," elaborated in 1868 by the conservative Titu Maiorescu (1840–1917). As a result of the economic and cultural opening toward the West, Romania's liberal government of the time had encouraged the adoption of Western laws and institutional structures thought to stimulate a corresponding level of development. Yet, given the country's position at the crossroads between three empires—the Austro-Hungarian, the Tsarist, and the Ottoman one—the thorough social change the imported cultural forms induced, Maiorescu warned, instead endangered state sovereignty. A peasant country like Romania, he argued, had not been prepared by anything in its history to receive all the "outer forms" of civilization in the absence of "the deeper historical foundations which with necessity produced"

⁶ World-systems theorists were the first to draw attention to the precursory character of the early 20th century Romanian theories for the analysis of underdevelopment (Chirot 1978, Stahl 1978). With few exceptions (see Love 1996), the theories' treatment within the larger context of social scientific approaches to underdevelopment however remained marginal.

(Maiorescu 1973a:164) them and it lacked the means to support them—industrial production and a middle class. Contrary to the liberals' claims, imported superstructural forms did not foster progress, but only concealed the power structures inherent in the relationship between Western and Eastern Europe (Maiorescu 1973b:239), the better to exploit the latter. The costs of "modernization," Maiorescu noted one century in advance of the dependentistas, can only be assessed by considering both terms of the relationship, not by mandating modernity in self-contained societies. Consequently, Romania's sole possibility of preserving national independence throughout the process of modernization and of realizing her evolutionary potential depended on her providing a specific—cultural, economic, and political—foundation to match and sustain the adopted forms.

Suspicious of the liberals' firm belief in progress as mankind's universal law and in civilization as a superior stage of social evolution, the conservative Maiorescu instead emphasized organicity, gradual change, and the need for critical rethinking of wholesale cultural imports. With the help of this "double critique"—that he undertook from within modernity as a conservative, but from its outside as an intellectual of the system's periphery—Maiorescu laid the groundwork for viewing the borderline between the Western core and the Eastern European periphery as a new locus of enunciation of radically different solutions to social and political change.

In the course of the intellectual debates his theory engendered in the decades that followed, the classical political doctrines associated with the contenders' main ideological positions—themselves imported cultural forms—experienced a substantial reinterpretation in accordance with the peripheral status for which they were meant to account. Such attempts to fit political and socioeconomic writings into Western ideological categories, however, have constantly led to misconceptions about most critical knowledge produced in this and other non-core societies. While the "gigantic liberal-Marxist consensus" (Wallerstein 1991b:182) in the core postulated that peripheral development was to be induced by replicating Western development in backward countries on a "stage-by-stage" basis, the conservatives' departure from this model consisted only in viewing such replication as undesirable, not in questioning its results (Wallerstein 1991b:55). In contrast, the periphery as an epistemological point of departure presupposed the filtering of the Western ideological notions through the perspective of the national concerns imposed by a geopolitical and historical context that differed from the one on which the political ideologies of the core had been tailored. Given the politically dependent status of most other nations in the region until 1918, these concerns only became apparent as *national* problems only after independence. This explains why, before that date, the state,

local economic interests, and the encroachment of foreign capital upon both were contextualized rather within the frame of Russian, Austro-Hungarian and German nationalism in Poland, Hungary, Slovenia, the Czech lands, the Baltic states, and Ukraine (Szljajfer 1990:83).

In Romania, efforts of applying political doctrines of (and about) the core to the development of the periphery ranged from “stretching” the classical liberal doctrine by declaring the anomalies exceptional to “discarding” it altogether as a myth (see Boatcă 2003:120). While both will be addressed in the following, it is especially in this second set of solutions that the main contribution of the Romanian debates to the transformation of the Eurocentric systemic rationality resides.

Translating the Periphery in Liberal Terms

The liberal response with which the historian and economist Alexandru Xenopol (1847–1920) counteracted Maiorescu’s theory illustrated the first of the two strategies. Although he, much like Maiorescu, pressed for specific instead of universalist solutions to development and viewed the economic specialization of agrarian countries as a danger to their state independence, Xenopol argued that all progress took place from forms to substance and that the import of liberal principles was inherently progressive. At the same time, he diagnosed the dependency of small, underdeveloped countries on industrial nations as a structural problem the cause of which he identified in the unequal exchange between the Western European industrialized core and its agrarian suppliers in the periphery. Free trade, he contended, was a means of exploitation, and the international division of labor the organizational structure within which it was promoted. Moreover, the peripheral countries’ reliance on unskilled and hence cheap agricultural labor prompted the emergence of a non-productive middle class in the service of the State—itsself, according to Xenopol, the biggest consumer—thus additionally saddling the peasant masses. By yielding a middle class made up of functionaries and “professionals,” the dependent economic context gave rise to an internal division of labor that was in itself no longer self-sustaining, let alone capable of generating profit. Xenopol viewed unequal exchange, his country’s economic dependency, as well as the changes wrought in its class structure by the export-oriented economy as the aggregated result of the free trade policy maintained by the State and advocated by the industrialized countries. The Western countries themselves, however, had not become rich by practicing free trade, he noted. Quite the contrary, it was during mercantilism, a time of government intervention, that their economies had experienced the most significant growth. The dominant anti-protectionist stance of his time,

then, could not be supported historically, but had an ideological character motivated by the core countries’ (by which the economist chiefly meant England and France) own economic interests. It was, in his words “theory at the service of a practice” (Xenopol 1882:95).

Xenopol therefore suggested that Romania should discard the free trade policy advocated by the West, which only served Western economic interests, and instead adopt protectionism, promote large-scale industry, and rely on state investment. Paradoxically, this was in his view the task of the liberal government, whose policy—adapted to the needs of a peripheral country—Xenopol dubbed “new liberalism”:

Until now, we have been ideologues; we used to think that wealth and well-being could result from theoretical creations. We were only concerned with laws which changed the outer form of our institutions, without trying to transform the very substance of our life. (Xenopol 1882:126)

Consequently, Xenopol saw it as his duty to “dislodge the ideologies” of sociological theories. The concrete form this took, in his case, involved the search for a strategy of *national* development, since the situation of cultural and economic backwardness that he described was important to the extent that it was a national issue.

The first step in the transition from ideology to science accordingly consisted in abandoning the claim to a universal science and to corresponding universal principles of economic development such as those inherent in classic liberalism’s doctrine of *laissez faire*. Instead of an individual party policy, “new” liberalism should become a state platform and as such take responsibility for inducing development and promoting industrialization. The issue of industrialization itself, more than just a good illustration of the periphery’s general evolutionary potential, was “not only a question of gain, but one of civilization, ...not one of gain, but one of nationality” (Xenopol 1882:86), and as such stood in close connection with a liberating economic and political course: “...crying out for liberty in a plainly agricultural country is in vain, for liberty is only possible where there are *free people*, and free people only exist in a country in which industry plays a significant role” (Xenopol 1882:83).⁷ The “people,” in this understanding, constituted the unit of progress at the national level, in which national ethnicity (as an intermediate human nature in between the individual and mankind) was articulated. Work enhancement at the level of the national economy and in international exchanges, capable of increasing the people’s well-being as well as

⁷ Emphasis in the original

of justly distributing it, accordingly represented the right national strategy that the “new liberalism” was supposed to implement.

Obviously, theorizing from within the concrete economic and social realities to which Xenopol’s stance represented a response was hardly compatible with political impartiality. Consequently, his efforts of “dislodging ideologies” had to confine themselves to exposing the core’s global designs as an expression of the local histories of Western societies, while at the same time providing as alternative an ideology suited to the local history of his own locus of enunciation. In this particular case, this meant a departure from Western liberalism in favor of a kind of national or state liberalism, more appropriate for the economic imperatives of peripheral development. In the process, Xenopol anticipated major concerns of both dependency theory and world-systems analysis, such as the ideological character of Western policies of development, the issue of unequal exchange, or the role of growing state bureaucracies in weakening the political and economic agency of the periphery (see Boatcă 2003:126-135).

Peripheral Evolution – The Marxist Bent

The amount of “stretching” that the socialist doctrine had to undergo before fitting a peripheral pattern of development was even greater than in the case of liberalism. In the course of recurrent polemics with the Conservatives’ view of organic social evolution, the most prominent Romanian socialist, Constantin Dobrogeanu-Gherea (1855–1920), accounted for the discrepancy between Romania’s economic substance and her political and cultural forms by claiming that it constituted a common trait of so-called “semicapitalist countries” on their way to attaining “full capitalism” (Gherea 1908b:459). While attesting to a teleological understanding of social development, his categorization into semicapitalist (or “backward capitalist”) and capitalist societies clearly also allowed for divergent evolutionary paths, in that it declared the apparent idiosyncrasies Romania displayed in its transition to capitalism to be a common trait of peripheral regions, and as such consistent with the rule, not exceptions to it. It is on this basis that Gherea would consequently attempt to substantiate his “master idea”—rendering Romanian social history comprehensible by viewing it as an integral part of the expanding capitalist world-system—or, in his terms, of a “superior social organism” operating within “the historical capitalist epoch” (Gherea 1908a:483). According to the “law of the historical epoch” he formulated in 1908, it was the “bourgeois capitalism” of advanced industrial countries which imposed specific superstructural forms on the backward areas it targeted as new markets for its manufactured products:

Backward countries enter the orbit of advanced capitalist ones, they move within the orbit of those countries and their whole life, development and social move-

*ment are determined by the historical epoch in which we are living, by the bourgeois capitalist epoch. And this determination of the life and social movement of backward countries by the advanced ones is their very condition of life.*⁸ (Gherea 1908a:481)

In terms of modifying the classical socialist doctrine in accordance with the social reality of the Eastern European periphery, Gherea’s formulation implied that the essentially economic causes of transition to a new mode of production predominantly occasioned superstructural (i.e., social and institutional) transformations in “less advanced” countries. In turn, his generalization of this rule to all peripheral countries still undergoing capitalist “transition” yielded the exact reverse of what Marxism had propounded, despite Gherea’s claim that it could be subsumed to the general principle:

In backward countries, the transformation of social life forms, of juridical, political, social forms, occurs...before the development of that socio-economic basis which in advanced countries made possible or even created those political and juridical social forms....In capitalist countries, social forms follow after the social substance, in backward countries, it is the social substance which follows after the social form. (Gherea 1968:257f.)

The “new” form of organization of agricultural production that, following the comprehensive land reform of 1864, had legalized coerced work in the form of labor contracts, Gherea claimed, represented the direct consequence of Romania’s incorporation into the world division of labor, not a return to feudal relations of production. It had, however, proven disastrous to the national economy, as the state started deliberately employing this form of labor control—which Gherea (1910) accordingly labeled “neoserfdom”—in order to finance the consumerist habits of its growing bureaucracy. Not only had the so-called “democratic-bourgeois” state become the biggest consumer, as Xenopol had noted, but it also deliberately employed the neoserf regime as a means to the primary end of a production oriented toward consumerism and squander: “Yet *the capital* of large property does not face a capitalist form of labor, free wage labor,...but actually serf labor under the guise of contractual, coerced labor. Thus, we possess a double economical agrarian regime, an extraordinary regime: capitalist on the one hand, serf-based on the other..., whose existence for half a century is due only to the extraordinary advantages it holds for our economically dominant class” (Gherea 1910:95).⁹ Gherea’s description of Romanian “neoserfdom” as a *new* form of labor control established as a result of the capitalist penetration

⁸. Emphasis in the original

⁹. Emphases in the original

of Romania's economy, while different from Engels' "second serfdom," prefigured Wallerstein's conceptualization of "coerced cash-crop labor" as an alternative mode of labor control in those regions in which wage labor is less profitable for the world-economy as a whole.¹⁰

While he expected that socialism, too, would be brought to Romania from the outside in the context of the next historical epoch, Gherea also urged for a development policy that acknowledged the specificity of Romania's agrarian issue and the social ills derived from it to the country's structural position in the world-system's hierarchy. He therefore pleaded for a *liberal* solution that included industrialization, the adoption of universal suffrage, and the replacement of feudal "remnants" by "true" capitalist relations of production, which he viewed as a means to hasten the transition to full capitalism and to prepare the objective and subjective conditions for socialism.

No doubt the doctrinary and determinist form which Gherea's theory took—as in Xenopol's case, an instance of "stretching the (socialist) ideology,"—was the expression of the same developmentalist philosophy underlying the civilizing mission that had prompted the Romanian intellectuals' critical reactions in the first place. The most innovative aspects of his theory, however, came precisely from applying that critical spirit by consciously theorizing across ideological commitments *from* and *about* the periphery.

Poporanism – A Politics for Agrarian Peripheries

The centrality of the peasant issue eventually made the testing ground on the basis of which the major Western political doctrines were discarded as inadequate for the agricultural periphery. Constantin Stere (1865–1936), founder of a cultural and political program whose label, poporanism, attested to its focus on "the people" (Romanian *popor*), maintained that *internationalist* doctrines such as Western liberalism and social democracy could not account for the *national* problem faced by a small, economically and culturally backward agrarian state situated between three military powers: "In its exceptional situation, the Romanian people cannot pursue any revolutionary policy, nor aspire to the transformation of the very bases of social organization before the happier nations of the West. It still has to fight for its very national being, endangered both by its international situation...and by an abnormal social structure...which hinders the healthy development of national middle classes" (Stere 1996:208).

¹⁰ for a discussion of the differences and similitudes between Gherea's, Engels' and Wallerstein's approach, see Stahl 1993: 107, Love 1996: 38, Boatcă 2003: 180f., Boatcă 2005:13.

Since, in purely agrarian countries such as Romania, it was the peasantry, not the proletariat, which overwhelmingly represented the working class, as Stere demonstrated with the help of statistical data, political significance was accordingly devolved to this social category. The peasant class of agricultural peripheries could therefore no longer assume the passive political role that its counterpart played in industrial countries. Stere thus openly confronted Gherea by maintaining that, instead of awaiting European social transformation, agrarian nations had to devise a path to social progress based on their specific socio-economic problem—the peasant question—and on the corresponding political potential available to them (Stere 1996:183).

In a deliberate delimitation from both the "new liberal" and the "peripheral socialist" solutions that Xenopol and Gherea had forwarded, Stere denounced protectionism as a "pathetic experiment," the creation of large-scale industry in Romania as a "dream," and the reversals of Western evolution in backward agrarian countries as indicative not simply of a different sequence of evolution, but of an entirely different course whose end point most likely was not, and could not be, industrial capitalism (Stere 1996:95; 108). His central argument to this effect was that, unlike Western colonial powers, Romania lacked both the amount of capital and the external markets for pursuing large-scale industrialization, such that its evolution rather resembled that of Europe's colonies: as in colonial contexts, Western financial capital, "ransacking the world for profitable investment" (Stere 1996:116), acted in Romania as a kind of "vagabond capital," proceeding to proletarianize the local work force in order to subsequently "siphon off abroad the wealth thereby accumulated" (Stere 1996:117). Whereas, in its country of origin, vagabond capital benefited both capitalists and proletarians, its effects in the periphery in turn transferred the otherwise internal class struggle to the level of a global antagonism between bourgeois and proletarian *nations*. The notion of "vagabond capital," as Stere conceived it, on the one hand claimed explanatory power for the "bourgeoisification" of the proletariat in England (and for similar beginnings in Germany and the United States), which thus postponed the transition to socialism in those countries (an explanation remarkably resembling world-systems analysis' take on the dampened class struggle in the core, as mentioned above), and, on the other hand, for the "proletarianization" of the entire work force in the exploited economies. In maintaining that "Vagabond capital, the *foreign capital* of backward countries, is none other than the commercial and finance capital—the *antirevolutionary capital*—of its country of origin"¹¹ (1996:120), Stere located the causes of macro-

¹¹ Emphasis in the original.

structural change on a global level, thus seeing the development of underdevelopment as an issue of the entire historical system.

Socialist transformation, he concluded, could no longer be accomplished within one state, but only at the level of a world revolution—a prospect which he rejected as unrealistic. In the absence of the industrial capital giving rise to both the Western bourgeoisie and proletariat, the social structure of peripheral countries did not mirror that of core countries. Likewise, underdevelopment was not the outcome of social polarization, but of the action of a particular kind of capital, producing a particular kind of capitalism based on fiscal exploitation through local foreign agents. Consequently, the peripheral countries' contribution to a world socialist revolution could only take the form of a national struggle against this type of capital, incapable of organizing capitalist production in the countries which it penetrated and responsible for the antirevolutionary tendencies in its countries of origin. An agrarian and parliamentary reform, universal suffrage, a peasant party willing to defend the interests of the rural majority, and the organization of agricultural production into cooperatives on the basis of small and mid-scale peasant holdings, were Stere's specific solutions for a modernization that, for the first time since the beginning of the debates, did not equal Westernization.

Given that this perspective on global class struggle between bourgeois and proletarian nations would only become formalized after World War II within dependency theory (see Emmanuel 1972) and virtually "institutionalized" within world-systems analysis, its emergence in turn-of-the-century Romania in the context of a controversy with orthodox Marxism and of a rejection of the Marxist-liberal philosophy of history based on the theory of forms without substance speaks for the fecundity of a peripheral standpoint in shaping the political imaginary of the system by means of a truly innovative political epistemology.

* * *

The Romanian theorists' consistent effort of addressing the concrete and the historical in their politically widely divergent views on social development only goes to show that, since many of the concepts relevant to our analysis of systemic change were coined in and about the core, the potential with which solutions to world-systemic crisis are credited in the long run should be assessed differently depending on the structural location of their origin. Concepts like Maiorescu's "forms without substance," Xenopol's "unequal exchange," Gherea's "semicapitalist" countries and "neoserfdom," as well as Stere's "vagabond capital" all represent attempts to outline specific realities of the modern world-

system's periphery for which hegemonic social science, centered around an abstract and universal "society," had no labels. As such, they will be reinvented or independently discovered several times throughout the twentieth century (see Love 1996:175), in precisely those regions—most notably Latin America, but also China and Russia—which faced similar dependency contexts. During the following sequence of imperial control of Eastern Europe, the communist one, these and related theoretical approaches were condemned precisely along the lines of their *national* dimension, interpreted as a nationalistic and anti-progressivist stance. As a result, Titu Maiorescu's works were banned from publication for their conservatism and alleged anti-progressivism, as were Xenopol's for their liberalism, Gherea's for his reformist stance toward the Marxist dogma, and Stere's—paradoxically—for having opposed Gherea, and, with him, social-democracy. If some of their writings were partially recuperated and gradually republished in the 1960s and 1970s, this never occurred in the context of the authors' connection with the theory of forms without substance, whose underlying evolutionism and advocacy of organicity blatantly contradicted the official communist doctrine of revolutionary transformation.

Future Prospects

As far as the potential political significance of the peasant masses in non-core regions is concerned, current developments prove Stere's one hundred year-old estimate correct. The scope and intensity of protests against neoliberal policies of land alienation, undertaken by NGO networks and social movements in India (Randeria 2003:50) or by the Landless Workers' Movement¹² in Brazil, and the legal victories thereby achieved attest both to this social category's anti-systemic capability and to the above-mentioned importance of acknowledging the long-term structural continuities and recurrent challenges of a global system in which, to some extent, *plus ça change, plus c'est la même chose*.

However, if history repeating itself entails a reiteration of chances, it simultaneously bespeaks a reiteration of risks. The collapse of communist regimes in Eastern Europe, taken as proof of the ideological bankruptcy of the socialist model, has prompted the proclamation of the "end of history" (Fukuyama 1992), i.e., the end of the search for political alternatives, as well as a corresponding ultraliberal trend toward privatization and anti-statism (Smith et al. 1999:6). In turn, the developmentalist view underlying both socialist and liberal regimes was

¹² Movimento dos Trabalhadores Rurais Sem Terra – Brazil's landless workers movement, initiated in 1985. It is now the largest social movement in Latin America, with an estimated 1.5 million members (see <http://www.mstbrazil.org>)

replaced by the ideology of globalization (Wallerstein 2005b:323), promoting a withering away of the state to the benefit of the self-regulating global market. For Eastern European societies, agreeing to the terms of this new “civilizing mission” meant being once again defined as “catching up” with the West and embarking on a supposed transition from the Second to the First World, whose conditions—in the form of EU regulations, IMF “structural adjustment” policies and World Bank provisions—are being dictated by the latter. Economically, the parallels with the treatment to which Latin American countries were subjected during the 1950s and 60s in the name of modernization are striking. Politically and epistemologically, what is at stake for those ex-communist countries having long made the bone of contention of Europe’s powerful empires is the possibility of a renewed shift of axis¹³—away from the semiperipheral identity of an Eastern bloc country and toward a yet-to-be-defined position within the “orbit” of the Euro-American core. The fact that this has been characteristic of the entire Eastern European zone since the so-called fall of the Iron Curtain and the beginning of the race for Europeanization becomes evident in the intellectual and political discourses of national elites in Croatia, Slovenia, Poland, Hungary, Bulgaria, and Romania, the common denominator of which is the constant downplaying of their countries’ “Easternness” and the corresponding emphasis on their will—indeed, their entitlement—to Westernization, seen as a “return to Europe” (Bakić-Hayden 1995, Lindstrom 2003, Boatcă 2007).

While the political dimension of the core’s latest global design—whether promoted as globalization or Europeanization—aptly conceals the double standard that allows a strengthening of core states’ apparatus even as it mandates the weakening of peripheral states’ sovereignty (Sassen 1996:27), its epistemological component entails the consistent dismissal of state-based policies, government intervention, and national concerns. With the resurgence of Balkanism as part of the Western geopolitical imaginary and the subsequent replacement of the “communist threat” by the “danger of nationalism” in Western media accounts of Eastern Europe, identifying and denouncing nationalism at home therefore became part and parcel of the strategy of political, economic, and intellectual alignment with the European norms embraced by the local political elites. This “anti-state ideological backlash” (Böröcz 1999:200), fuelled on the one hand by

¹³ The phenomenon that Bădescu has labelled the “shift of peripheral axis” is remarkably similar to the processes that Mitchell Allen (1992) has found to characterize so-called “contested peripheries” in pre-capitalist world-systems. While it cannot be dealt with at length here, Allen’s concept of the “contested periphery” might prove rewarding when applied to an analysis of Romania’s historical and present case.

the delegitimization of (communist) states as agents for prosperity and by neoliberalism’s promise of economic bounty on the other, acts in the form of a concerted communist-cum-neoliberal epistemic control that old intellectual circles in dire need of legitimacy, as well as the newly emerged ultra-liberal intellectual and political elites of the region exert on past and present local knowledge production (Boatcă 2006).

The Romanian theory of forms without substance and the decade-long debates on the issue of peripheral development it engendered, gradually restored to public memory in a series of sociological and cultural history studies (Bădescu/Ungheanu 2000, Georgiu 2001, Bădescu 2004), have constituted one of the main targets of the “witch hunt” after dissenters from the ideological hegemony of anti-state discourse in the past 15 years. The intellectual discredit of approaches developed within this framework, once again defined as “nationalist”, “anti-progressive”, ultimately “Anti-European” on account of running counter to the “liberal-Marxist consensus” underlying the modern world-system’s linear philosophy of history, has finally led to their political discredit as possible models for social transformation. In the context of a modernization/globalization theory once again professing the adoption of (political and institutional) forms without (economic and social) substance, Romania is on the one hand equipped with the developmental and antisystemic potential derived from a semiperipheral position, alongside the experience of peripherality and a rich theoretical heritage dealing with it. The chance to reassess and promote old solutions to a recurrent problem in the context of a vacuum of political hegemony is however stunted by the continued epistemic discredit of forms of resistance containing a national component, accordingly denounced as dubious scholarship and political dynamite (see Boatcă 2006).

On the other hand, Eastern Europe’s “shift of axis” is paralleled by what has routinely been described as Latin America’s “shift to the Left” or “new left axis” in the wake of leftist electoral victories throughout the subcontinent during the past decade. Yet, in spite of echoing the socialist ambitions which the Cuban revolution had instilled in the early dependentistas and raising U.S. fears of regional instability on that account, the new leftward swing and the ensuing open policy of rapprochement with Cuba pursued by Brazil, Argentina, Venezuela, Bolivia, and Uruguay is only part of the story. The increasing political and institutional affirmation of Indigenous social movements in Mexico, Bolivia, Ecuador, and Brazil, the emergence of Afro-Caribbean and Afro-Andean movements, and the gaining momentum of the World Social Forum as an epistemological alternative to neoliberal globalization are part of a process of social and political subject formation that is indicative of a more radical transformation (Mignolo 2005; 2006, Quijano 2004). Thus, the unprecedented impact of the *Movimento*

sem Terra in Brazil on the scope of land redistribution and reforms that a peasant movement can mobilize, the Afro movements' claim to epistemic (rather than cultural) rights, and the idea that "there is no global social justice without global cognitive justice" that the World Social Forum in Porto Alegre has proposed as an epistemological alternative to the capitalist monoculture of knowledge (Santos 2004:13) reveal the fact that, today, "the key site of struggle" (Mignolo 2005:115) between what Immanuel Wallerstein has called "the spirit of Davos" and "the spirit of Porto Alegre" (Wallerstein 2005a:37) is the epistemic realm:

...the worldwide movement against neoliberalism showed its teeth first at Chiapas, then at Seattle in 1999, and subsequently morphed into the World Social Forum, commonly referred to as Porto Alegre.... What we are seeing here is a geopolitical assertion of Latin America in the world-system. It involves pulling away from Western Hemisphere structures and moving toward Latin American structures, one that are also allied with what we used to call Third World structures. The game is scarcely over, and there is certainly no guarantee how it will come out. But Latin@ identity, that is Latin American identity, is at the center of that effort. (Wallerstein 2005a:36f.)

Against this background, rather than a "shift to the Left," and thus toward a transformative politics that stays within the logic of the capitalist world-economy, the current developments in Latin America have recently been described as a "decolonial shift" (Mignolo 2006) that attempts to transcend the Eurocentric notions of Left and Right by placing the emerging social and political agency of indigenous, subaltern and marginalized groups at the center of decision-making processes. Brazil's growing importance in organizing resistance and providing alternatives to the neoliberal trade agenda in the period accompanying the consolidation of the World Social Forum at Porto Alegre, the explicit inclusion of indigenous people's rights in the agenda of the "Bolivarian revolution" in Venezuela, but especially the redistributive economic policies implemented in Bolivia by Evo Morales, the first Indigenous president in South American history, are seen as indicative of a political epistemology that points to an alternative logic. Neither does the World Social Forum embody the internationalism associated with the anti-capitalist politics of the North in the twentieth century (Santos 2004:32), nor is the recent nationalization of Bolivia's oil and gas reserves an instance of a state socialism of a Marxist bent, but these and similar developments in the South represent further stages in a process of decolonization which has been under way for five centuries (Mignolo 2006:94). Their current success is in part due to the unprecedented visibility—in this case, of resistance (Quijano 2002:18)—that a semiperipheral position in the world-system hierarchy entails for areas with a long peripheral past.

In the end, rather than a "spiral" in which capitalism and socialism are mutually stimulating (Boswell and Chase-Dunn 2000:131ff.), their juxtaposed s(w)ay in Eastern Europe, alongside their lasting explanatory force as leading categories of the world-system's geoculture as a whole instead gags semiperipheral locations for novel solutions to the world-systemic crisis. The interregnum at which the communist demise once again placed Romania—and with it, the whole of still-semiperipheral Eastern Europe—at the end of the twentieth century might therefore turn out to present an epistemological stake as well: succeeding in claiming definition power for their own designs for social change and world-systemic transformation, alongside corresponding economic alternatives to the current model, could well become the new geohistorical edge deciding this—and other—semiperipheral regions' renewed drift into the periphery.

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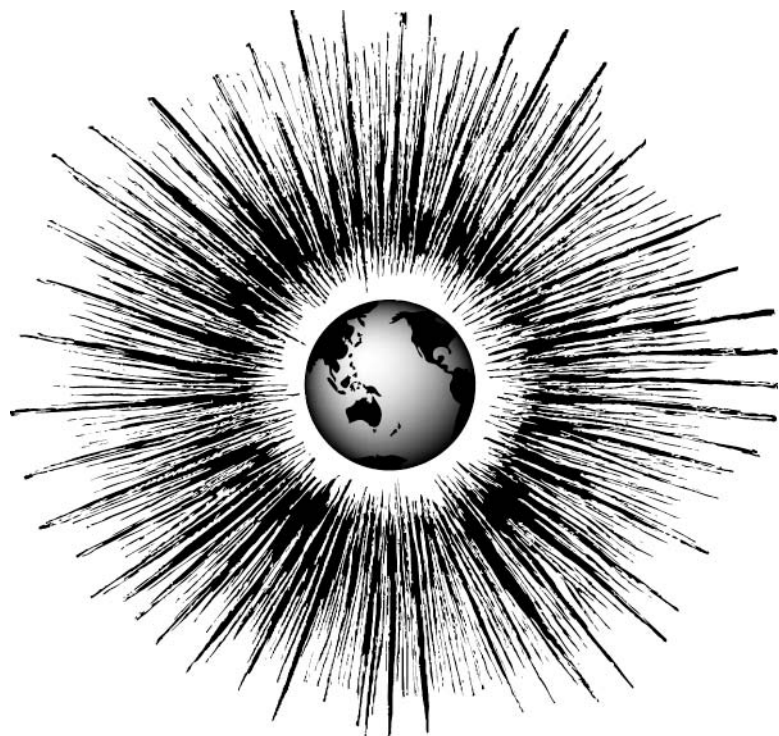
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Richard Falk, an international law scholar and an advocate of human rights struggles across the globe, scrutinizes the modern challenge of megaterrorism. Falk cleverly outlines the implications of the several US responses to the threat of megaterrorism: the U.S. and allied response to the Taliban and al-Qaeda in the war in Afghanistan; the broader war in Iraq; the 'standstill' in the Israeli-Palestinian conflict; the domestic focus on security and patriotism; the intensified unilateralism of the Bush administration.



Falk puts forth the claim that megaterrorism can be differentiated from other forms of terrorism, because of its genocidal intent and its global reach. Falk argues that there

are broader implications of this war on terrorism and winning or losing this war on terrorism could have tremendous long-term ramifications in world politics. He simultaneously relies upon and criticizes the discourse of the "war on terrorism" as a means of responding to current (and preventing future) terror attacks. After outlining a comprehensive historical framework, he goes on to provide new insights into the entire range of issues that must be addressed if terrorism is indeed to be eradicated. Falk, often a strong critic of the American use of military force in foreign conflicts, "agreed" with the U.S. government meeting the challenge in waging war against the Taliban regime in Afghanistan. Falk called this "a proper strategy" that included a justified war of self-defense focusing in on al-Qaeda. He argues that is necessary to have a continued focus in reshaping international law enforcement. Part of the solution would be to strengthen global institutions, such as the United Nations. This would require shoring up funding to the U.N., and granting the organization broader peacekeeping and humanitarian functions. Falk also advocates addressing the causes that recruit people to this form of fundamentalism, such as that seen in the followers of al-Qaeda. Falk argues it is essential not to forgive individual terrorists, but to change the social conditions that give rise to terrorism.

Falk debates the notion that the Bush administration has exploited the initial war in Afghanistan and the challenge of stamping out Al Qaeda into an unlimited, perpetual war for US domination. Bush has altered the notion of "national liberation struggles" (a claim Falk similarly made of the struggle of the Vietnamese people during the Vietnam War) as acts of terrorism lacking legitimacy. These movements are sanctioned and are isolated movements in threatening nations, in what Bush labels "rogue" states. The threat does not stop

at al-Qaeda these threats include Iraq, Iran, Cuba, Libya, and Syria. Falk generally upholds the UN Charter's prohibition on non-defensive force. He backed the U.S.-initiated war in Kosovo and its attack on Afghanistan (which was not limited to attacking Al Qaeda) because he privileges the ideal of transnational government over national sovereignty. Falk, however, argues that although the challenge to confront the Al Qaeda threat is justified, the assault on Iraq or any other country is not. Still, Falk acknowledges that in order to confront megaterrorism, the United States has been forced (i.e. Sept. 11) to take action, at times in ways that are not sanctioned by international law and by the institutions of global governance. Falk argues, however, that international law and institutions ought to be made to catch up with reality as soon as possible. The Kosovo war—not legitimated by a United Nations mandate, was a necessary war from a humanitarian perspective. This military engagement, Falk argues, strengthened rather than weakened the international principle of coercive action for humanitarian crises.

The Bush administration's stance against megaterrorism has roots from earlier administrations. Falk argues that the Clinton administrations sponsored an "unreserved embrace of predatory globalization," comparing this to Bush's "worldwide empire-building and warmongering." Henceforth, the US approach has meant "unconditional authorization for state violence." However, Falk's characterization of this violence is too broad a definition. From attacking civilians and their homes, whether done by states or by anti-Castro exiles, Chechen rebels, Palestinian suicide bombers, or Animal Liberation Front fundamentalists, these are a form of terrorism.

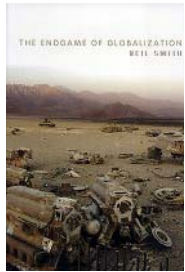
I challenge Falk's judgment in which he maintains that Iraq, Iran and North Korea have a right to weapons of mass destruction. Falk, an advocate of limiting American power, may have stepped too far in his elastic concept of international law and global governance. Clearly, the system of checks and balances in place holding the might of the world's only superpower would be stretched too far by allowing the supra armament of these nations. Yet, I can imagine that creatively stretching the interpretation of international law and manipulating the favor of the United Nations to fortify America's current efforts might be smart diplomacy. Even if these steps are simply a stamp of legitimacy for these military actions rather than a means of checking the U.S. superpower.

Richard Falk brings a thoughtful perspective to the current crisis in dealing with megaterrorism. His sociopolitical and moral imagination, fortified by his realism and vision of hope, make his analysis one of a true visionary. Falk's work is consistent with his desire to contribute to a safer, fairer, more humane world.

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Neil Smith. 2005. *The Endgame of Globalization*. New York: Routledge Press. 240 pages, ISBN 0-415-95012-0 hardback. <http://www.routledge.com/>

What an existential relief it is to read an iconoclastic appraisal of the theory and practice of US foreign policy over the course of the last century devoid of the infuriating insipidities that populate standard works in the field. More often



than not allergic to the materialist method—be this convention of habit or calculated obscurantism—orthodox scholarship on US geo-strategy typically disfigures its subject matter beyond recognition. It takes publicly espoused goals (“securing the interests of the American people,” “spreading human rights,” etc.) of particular foreign policy doctrines more or less at face value; it then treats these doctrines as if they are actual drivers of policy, rather than coded rationalizations of policies supported for back-stage reasons that cannot, for

purposes of ideological cover, be expressly revealed in the doctrines themselves. One sad consequence is that policy disputes are routinely misconstrued as contests in which diametrically opposed principles unmoored from concrete actors’ battle for supremacy. Smith acidly cuts through this sort of misleading incoherence. A key motif of *The Endgame of Globalization* is that disproportionate attention paid to front-stage schisms between “conservative realists,” “liberal internationalists,” and other familiar camps cloaks an unsavory truth: all such camps share a devotion to a US-centered and US-advantaging regime of global capitalism (p. 15). An undue emphasis on tactical differences about how best to achieve this commonly held program—distorted through the prism of rival commitments to alternative sets of “values”—masks this strategic unanimity.

To a critical observer of US imperialism seasoned enough to rise above the reams of nonsense published on the topic, this hardly rates as an earth-shattering revelation. Veteran historians such as William Blum, Gabriel Kolko, and dozens of other eminent radical scholars have exhaustively documented as much. Fortunately, what is most intriguing about *The Endgame of Globalization* is the refreshingly innovative spin Smith puts on this hoary theme. He compellingly argues that successive US endeavors to establish itself as the final arbiter of a bourgeois planet have inevitably failed because the US is genetically incapable

of creating and managing a worldwide politico-economic framework that in the end does not bias its own accumulation and security imperatives (p. 2). More provocatively yet, he locates this habitual failure in the indissolubly nationalist deep structure of the US compulsion to style itself as the ultimate champion of an open international community of entrepreneurial republics. So potent is the propensity to regard the mythologized “American experience” as the paragon of a property-owning democracy toward which all free peoples aspire, that architects of a US-centered globalism are irredeemably blind to the ways in which the US’ pretense to be an agent of universal right betrays marks of particularism and thus undercuts itself, the “irrational rationalism of a nationalized Locke” (p. 174). The germ of nationalism in the kernel of US campaigns to “benevolently” oversee the global system has time and again been the undoing of its bids for a sustainable primacy.

As evidenced by his laudable eschewal of neo-Marxist jargon, Smith is trying to reach a learned public with a politically timely message, one set up in the opening chapter (“Endgame Geographies”) and echoing throughout the whole book: the unilateralist streak of the Bush the 43rd Administration, the credo of pre-emptive war waged against putative rogue states, and other hallmarks of Bush’s foreign policy are not exceptional departures from the previous conduct of the US state. If in exaggerated form, they rather represent the latest incarnation of a long line of attempts by the US to situate itself at the essential middle of a globe-encircling empire (pp. 11–12), be it a strictly informal one or one adjoined by the rump client state or protectorate. And in stark contrast to those who conveniently forget that Clinton’s cabinet positioned the US as the “indispensable power” and the last enforcer of transcendent virtue, bombing sovereign countries without UN sanction, Smith avers that Bush and company are trying to finish the job started by others of ensuring that the US is the hub of post-Cold War globalization, albeit through abnormally coercive techniques (p. 25, pp. 154–155).

Before tracing Bush’s grandiose mission to forge a global order pivoting upon US prerogative back to the kindred missions of Bush’s forebears, Smith addresses the “illiberal liberalism...of a nationalized Locke” (p. 174) that in the final instance is the Achilles’ heel of these serial undertakings. More so than the projects for a US-centered and US-privileging global capitalism themselves, it is their recurrent undermining by an “American nationalism...founded on globalist claims” (p. 15) that defines the fundamental affinity between them. All were subverted or marginalized by that wing of the US governing elite that could not abide a US globalism colored in a cosmopolitan hue, and all gave way to a more brazenly US-centric globalism that spoke the polarizing language of unconditional friends and enemies and acted accordingly, thereby guaranteeing

its very diminution. In Chapter Two (“Liberalism and the Roots of American Globalism”) Smith traces the periodic spasms of a US imperialism that is one part salvational, one part jingoist, and inescapably self-destructive to the strange career of US liberalism, suggesting that such crusades have faltered in part because the US’ largely provincial populace rapidly grows resentful when the imagined beneficiaries of US “generosity” ungraciously reject it (p. 35). He tops off the chapter with the always salutary reminder that liberal hagiographies of US globalism conveniently downplay that Manifest Destiny in action extirpated Amerindian cultures and, in any event, the US would have resorted to the grubby overseas land grabs favored by the European big powers were the surface of the post-Conference of Berlin world not already carved up (pp. 47–50).

It is in Chapters Three (“A Global Monroe Doctrine?”) and Four (“A Half Loaf: Bretton Woods, the UN, and the Second Moment of US Ambition”) where Smith really soars, for here he adeptly proves the heuristic worth of his central thesis by empirically illustrating it in action in the wake of the two World Wars. Wilson’s agenda for a League of Nations was something quite other than a naively utopian gambit for an inclusive regime of global governance that transcended traditional European balance of power politics, as conventional diplomatic histories would have it (pp. 58–59). Rather, Smith shows, it was a cognizant effort to remodel the international political economy on a multilateral Open Door philosophy that would advantage ascendant US capital (pp. 69–72, pp. 76–77), although one that was not above abrogating its own lofty principles in order to buttress Western racial superiority (pp. 66–68), to get European imperialists on board (pp. 66–68), or to protect its customary mercantile dispensations in Latin America (pp. 64–65, p. 67). Marshalling his big idea to great effect, Smith argues that the true sign of Wilson’s “failure” at the Paris Peace Conference was not his capitulation to European *realpolitik* (pp. 69–70), but instead his inability to persuade hard-headed “America firsters” in the US Congress (wrongly dubbed “isolationists,” as Smith points out) that US hegemony in the unfolding era would require nominal checks on US sovereignty (p. 78).

In the significantly different context of the 1940’s, the same formula, or least a variation of it, played out again. With the infrastructure of Europe and East Asia in ruins and national liberation movements breaking out across the colonial world, the US was endowed with the resources and the legitimacy to configure a global order that simultaneously addressed the needs of billions for gains in social welfare, answered the demands of its own oligopolies for export growth and foreign investment opportunities, and, most critically, was genuinely planetary in scale. The tale of how Truman’s Cold Warriors sidelined this prospect by elevating anti-communist “containment” to the first principle of US global policy (p. 114) has been told by many in far more exacting detail than Smith. What

Smith adds is a keen excavation of the ties (however indirect) between the post-war planning machinations of FDR’s brain trust and the eventual ossification of world geopolitics along anti-Soviet (and anti-People’s Republic of China) fault lines (p. 116). For example, high-ranking staffers and officials at the Council on Foreign Relations and the State Department intimately involved with the design of post-war international institutions tried (and failed) to game decision-making procedures and membership in the United Nations Security Council so that no voting bloc would interfere with the paramount goal of making the world safe for US transnational capital expansion (pp. 98–101). Such hidden transgressions against the conceit that the US was assuming world leadership on behalf of a global popular front lost all subtlety when the likes of Dean Acheson took the mantle of policy-making; to reinforce the point, Smith cleverly relays the pathetic spectacle of Joe McCarthy hounding Harry Dexter White for his alleged red sympathies, even though several years prior at Bretton Woods FDR’s Treasury Secretary had successfully rebuffed Lord Keynes’ vision of an actively redistributionist global financial system (p. 96).

In Chapters Five (“The Whole Loaf? Globalization”) through Seven (“The Endgame of Globalization: After Iraq”), Smith dives into the contemporary impasse confronting US imperialism, bravely embedding the neo-conservatives’ disastrous West Asian misadventures in a longer-term initiative by US ruling groups to ensure that the post-1970’s restructuring of the world political economy (*a.k.a.* “globalization”) bolsters US dominance instead of enfeebling it. He opines that the “post-Fordist” organizational decentralization and geographical dispersion of capitalist production, not the rampant increase in speculative arbitrage of every known variety, is globalization’s badge of identity (pp. 135–136). The challenge and the opportunity thus motivating US empire-keepers from Paul Volcker forward is to steer ever-larger chunks of surplus value extracted abroad into the coffers of lower Manhattan and Washington DC (pp. 136–141), culminating in Bush the Younger’s muscular thrust into Mesopotamia, the epicenter of the one earthly region where the tide of post-1991 events seemed to be turning against the orderly rendering of tribute to the US metropolis (pp. 181–182, pp. 185–191). In delineating this excursion of US elites, from the schemes of the Treasury Department-IMF complex to bleed dry Third World debtors (p. 144) to Paul Bremer’s liquidation at gunpoint of Iraqi assets (pp. 178–179), Smith serves up some memorable nuggets that reinforce his overarching argument. For one, he articulates how the US’ self-appointment as the bearer of universal justice is corroded by its manifold violations of due process norms afforded prisoners of war; as Smith nicely puts it, the “liminal legal geography” (p. 167) of Guantanamo Bay exposes this hypocrisy through its “vacuum of legal rights, flooded with maximal power yet zero global responsibility, always

of America yet utterly beyond its jurisdiction" (p. 167). For another, he demonstrates how the Bush Administration's blood-soaked assault on the shabby remains of Arab nationalist regimes and reputed hotbeds of radical Islam is not the only case of its pursuing ends also favored by the Clinton Administration by more brazen, and hence more hegemony-damaging, means (pp. 191–193). There is more than a passing resemblance between Robert Rubin's bailing out of Wall Street hot money operators in Mexico and Southeast Asia and Bush's push toward discriminatory bilateral trade deals (p. 14, p. 194); both double standard-ridden maneuvers elicited telltale complaints about the US nakedly abusing its "hyperpower" (p. 200).

Perhaps the most nagging shortcoming of Smith's book is his refusal to offer a consistent interpretation of the globalization of the last three decades. To what degree should it be regarded as an enterprise managed by the US for the sake of prolonging its primacy? To what extent should it be considered a much less purposive phenomenon that the US is desperately attempting to control, lest it generate outcomes inauspicious to the sustenance of its informal empire—such as the surfacing of unruly nativist-protectionist movements within its borders, or the strengthening of its ostensible "peer competitors" (China obviously comes to mind) beyond them? To be sure, Smith recognizes the debate (p. 145, pp. 194–195, p. 200) and acknowledges some of its brand-name interlocutors (p. 51), but he does not assume a firm stance on the issue. Had he done so, he might have reached an instructive conclusion on whether US centrality in the global political economy is today beyond rescue—unlike during Wilson's or FDR's time. Smith's analyses are also too often impaired by an unfortunate tendency to substitute rhetorical acrobatics for the painstaking assemblage of evidence. For example, to substantiate that the dominant foreign policy orientation of the Democratic Party in the Twentieth Century has been that of free trade imperialism, Smith draws a line of descent from Nineteenth Century European classical liberalism to US social liberalism (p. 38); in so doing he leans much too heavily on semantic tropes to lay bare the actual similarity of the two seemingly disparate projects, rather than carefully documenting the material connections between them. Less seriously, his narrative is occasionally marred by sloppiness, even by downright factual errors. For example, it should surprise *JWSR*'s readers to discover Bangladesh (!) classified as one of Asia's second-generation "tiger" economies (p. 132).

However, these little mistakes and the evasive wordplay fade to zero when set against the potent insightfulness of Smith's novel premise, that the narcissistic nationalism constitutive of US internationalism cannot help but predispose US imperial strategy to self-defeating predatory impulses. That this premise could be further enriched through properly applying the method of "encom-

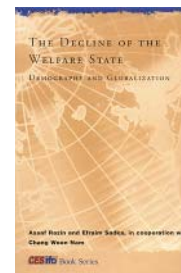
passing comparison" only attests to the breakthrough raw material Smith has furnished. And as election year 2008 approaches, the emergent "liberal hawks" certain to discredit the Cheneys and Rumsfelds of the right with charges of incompetence, at the very least a copy of *The Endgame of Globalization* by one's bedside will provide cold comfort in the form of a sober lesson about false dichotomies.

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Assaf Razin and Efraim Sadka. 2005. *The Decline of the Welfare State: Demography and Globalization*. Cambridge: The MIT Press. 112 pages, ISBN 0-262-1844-0.
<http://mitpress.mit.edu/catalog/item/default.asp?type=2&tid=10517>

Assaf Razin and Efraim Sadka in their book, *The Decline of the Welfare State*, utilize a political economy framework to analyze the modern welfare state, which they assert is in decline due to aging, migration, and globalization. Aging is of considerable importance because old age dependency is expected to rise, putting a strain on the welfare state as pension systems will have to pay out an increasingly larger sum of money. For those systems that are unfunded, this could mean a dramatic increase in taxes—something presumably unpopular among the working population. Migration is an issue due to the influx of low skilled workers into these welfare states, whom generally receive benefits in excess of their contributions, resulting in additional strains on the welfare state. Globalization poses a somewhat different challenge to the welfare state, creating a tax problem whereby tax competition among countries threatens to lower the corporate tax rate, thus reducing funding for the welfare state. By drawing on previous collaborations, their own previous work, and economic analysis, the authors are able to not only shine a light on the problems facing the welfare state, but take the issue one step further by reaching conclusions that they term unexpected, and which could change the trajectory of the response to this issue.

Aging and low skilled migration have similar effects on the welfare state, and the authors link much of this to voting patterns among these groups as well as the population at large. Since it is the workers who are financing much of



the welfare state, they conclude that these workers will vote against an increase in taxes and transfers as they presumably do not want to be burdened with maintaining the welfare state. In terms of the low skilled workers, the authors seems to make one faulty assumption in that "each worker chooses whether to acquire an education and become a skilled worker or to remain unskilled (p. 11)." Not every person has the privilege of choosing whether to acquire an education and often times do not have as much control over the skills that they must perform in order to earn a living. While they are able to create a formula that supports their argument, which they claim as empirical evidence, they do seem to be neglecting other factors, which might better reflect the reality of the life situations of many low-skilled and migrant workers. Often migrants have little choice in the work they do and are driven by survival as they are unable to find work in their homeland such that they can support themselves and their families. Upon arrival in a new country, these migrants tend to work in positions that many of the natives of that country find undesirable. Additionally, the authors discuss how a more intensive welfare state is more attractive to low skilled migrants, yet they again seem to minimize if not ignore various social factors that may account for low skilled migration, such as a dearth of jobs, support, housing, or food in their home country, as well as family obligations that are unable to be met. The authors acknowledge that low skilled migrants may be attracted to the welfare state, yet the focus is on the equilibrium that grows out of the attraction of high versus low skilled workers in relation to the current level of the welfare state, as opposed to acknowledging some of the factors mentioned above. This is not to say that their conclusions are inaccurate, just that their analysis may not reflect all of the elements of this situation.

In terms of the migrants' effect on the welfare state, one aspect of their analysis is that as more low skilled workers are naturalized, they will gain more political power which can then be asserted through voting and which will result in an increase in the welfare state. While they do reach the opposite conclusion in their analysis, it seems as though the path taken to that conclusion again does not accurately reflect the reality of the migrants' experience, or the reception they receive upon arrival into these new countries and how that reception affects their feelings about that country as well as how that influences their participation in various aspects of civil society. It may be that focusing on assimilation rather than naturalization would provide a richer analysis.

Aging can have a similar effect on the welfare state as migration, and can lessen rather than increase the welfare state due to a tilt in the political power balance. This generally occurs because of the design of many pension systems where people currently in the work force are responsible for the transfer to those beneficiaries. As those beneficiaries become a larger part of the popula-

tion, the pressure on those who are employed increases, and may lead them to shift to the antitax coalition. While the authors are able to effectively work through formulas that support their conclusions, there is a gap in the analysis that excludes many of the political forces that are being engaged as well as the influence of capital on the population. The move from a national pension system to one of individual retirement accounts is discussed in the context of population decline, which would necessarily mean fewer people contributing to the national pension, thus putting that system in crisis due to more people taking from the system than contributing. One solution is to privatize pensions by setting up personal retirement accounts, with the rationale being that they can offer better rates of return than current pay-as-you-go systems. Though the authors acknowledge the flaws of such a prospect, they do not properly acknowledge the stakeholders involved in promoting such a system, and the predictable effects of that intervention. The stakeholders stand to profit tremendously by a private investment system, while the those in their second period of life could lose much of their money due to the unreliability of the rate-of-return.

Globalization threatens the welfare state due to capital taxation as a result of international capital mobility. Companies are able to take their business to other countries with a lower tax rate than their home country, allowing them to essentially evade tax payment. The welfare state consequently loses out on that money, due to the government's inability to recover that money from the tax havens. Tax competition results from the foreign tax authorities being uncooperative with the home tax authority, leaving them unable to obtain any taxes from those companies. Without any enforcement of international taxes, the welfare state has virtually no recourse and slides into further decline. Furthermore, there is no incentive for the foreign tax authorities to cooperate with the home tax authority because they benefit from having that capital in their country. Globalization enables more and more companies to move to these tax havens, the consequence of which is that an increasing amount of money leaves the home country further weakening the welfare state. This is an important aspect of their analysis because it highlights the problems with the current tax system. It brings forth the underlying question of why any company would choose to stay in their home country when there is an available tax haven, as well as what are the responsibilities of companies as well as governments in ensuring the welfare state.

The authors engage in a sophisticated analysis of the welfare state and acknowledge the three factors of aging, migration, and globalization as contributing to the decline of the welfare state. They work through formulas that support their thesis, yet their use of "stripped-down models" in order to avoid "irrelevant complications" may actually serve to prevent a richer, fuller analysis

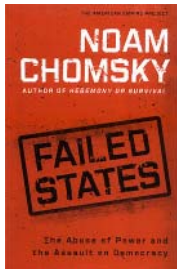
that takes into account the various other factors at play in the decline of the welfare state. This book is an important contribution to the problems facing the welfare state, and their conclusions should be used in conjunction with other analyses to further the discourse on this issue.

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Noam Chomsky. 2006. *Failed States: The Abuse of Power and the Assault on Democracy*. New York: Metropolitan Books. 311 pages, ISBN 0-8050-8284-0 paper, ISBN 0-8050-7912-2 cloth. <http://www.holtzbrinckpublishers.com/>

The plural in the title of *Failed States* notwithstanding, Chomsky is really only concerned with one 'failed state', the us. The book is primarily an indictment of us foreign policy, and the class of intellectuals and journalists who uncritically support it. Additionally, one chapter is devoted to examining the quality of the us' democratic institutions, and these are found wanting. Neither theme will come as a surprise to those familiar with Chomsky's work. They have been developed in many other books by him, and *Failed States* does not break much new ground theoretically. It does provide the novice with a solid introduction to Chomsky's thought, and, for readers already aware of this, a sense of how he interprets recent events (it also reproduces his familiar stylistic tics—his tendency to quote heavily, his pretense that the arguments he is making are self-evident to anyone interested in the truth, and his insistence on dangling phrases at the ends of sentences). Chomsky's analysis is clearly superior to much writing on the American left—he has little interest in such bugaboos as 9-11 conspiracy theories, hysteria about electronic voting, or dwelling on personalities in the Bush administration. On this level, he helps direct attention to the core structural issues the left should focus on. On the other hand, Chomsky has not developed his analysis in directions that sympathetic critics from the left might hope for, nor is there much for scholars of world systems analysis to get excited about.

Examining the relationship the us has with the rest of the world, and the justifications made for that relationship, Chomsky highlights what he calls 'the single standard', what "Adam Smith called the 'vile maxim of the masters of



mankind: ...All for ourselves, and nothing for other people.'" Thus terrorism is only examined when the victims are us citizens, or those the us is sympathetic to (Israelis, Europeans). Terrorism sponsored by the us or its allies is not considered terrorism, and is mostly unreported in the us media. When international law might constrain the us, it is considered irrelevant. On the other hand, international law is wielded as a weapon when adversaries of the us can be criticized; thus Syria's occupation of Lebanon takes on a very different significance than Israel's occupation of the same country. Democracy is 'promoted', but only in situations where the results of elections will conform to us wishes. Elections that do not so conform are obstructed, or, if that is unsuccessful, scrubbed from the historical record (as was the case in Nicaragua in the 1980s, and more recently, Palestine). The liberal extreme welcomed in the mainstream media in no way challenges these principles, expressing concern only that misapplication may result in a reduction in us power. Crucially, Chomsky emphasizes the continuities of us policies, downplaying any exceptionalism of the Bush administration (except in the perhaps unwise frankness of its officials to state exactly what principles the us is actually following). Thus he constantly reaches back to the Central American interventions of the eighties, policies towards Israel and Palestine in the seventies, etc. Perhaps most potent is his highlighting of the bombing of Serbia under Clinton as providing a precedent for 'illegal [in violation of international law] but legitimate' wars. Here he is scathing on the way European liberals encouraged the us to take upon itself when to attack other nations, thus setting a precedent for Bush and Iraq.

Regarding American democratic institutions, Chomsky argues that the power of corporations has marginalized public opinion. The rise of corporate power he dates to various court decisions in the 19th century that identified corporations as 'persons', although a pathological sort of person, legally required to be solely concerned with self-interest. He examines public opinion polls and finds that the public, unlike the pundits and politicians, is sympathetic to the UN constraining us power and is uninterested in preemptive war as defined by the Bush administration. Furthermore the public supports the expansion of health care, and more spending on social causes in comparison to the military. How can the disparity between policies pursued by governments and public opinion be explained? He briefly notes the absence of a labor/socialist party in the us, and the continuing salience of conservative versions of religion, but mostly Chomsky argues that the relentless use of public relations/advertising tactics by the powerful has left the public befuddled and disempowered. In this chapter, more than on those about foreign policy, Chomsky entertains the possibility that the Bush administration, unusual for its single-minded focus on the short term interests of a portion of the ruling class, may have pushed the us to the brink of fascism.

The concluding chapter wraps things up on a surprisingly optimistic note. Internationally, Chomsky highlights growing resistance to US power, with the rise of the left in Latin America (and efforts at continental unification) and with the emergence of a China-Russia alliance uninterested in going along with the US on Iran, among other things. Although he has little specific to be optimistic about in the US case, he does emphasize that much progress has been made, but that progress also produces periodic backlashes. Here again, his sober thinking contrasts well with much that gets said by those on the left in the US.

The problem with *Failed States* is not in the broad outline of its analysis, much of which is likely to be uncontroversial among readers of the *Journal of World Systems Research*. Instead, the fault lies in Chomsky's failure to animate his analysis with any sense of historical dynamics or agency. His insistence on identifying the continuities of American policy and basically leaving it at that ignores the work of numerous recent historians of US imperialism who have identified ruptures, disputes, and contradictions in its practice. To take one example, Chomsky continues to insist that Vietnam was largely a success for the US, demonstrating to similar national liberation forces worldwide that too high a price would be paid for opposing the US. This makes little sense when examining global history in the seventies; Angolans, Nicaraguans, Grenadans, and, less successfully, Philipinos, Salvadorans and others were inspired to further press their claims by the Vietnamese triumph. But it also obscures the immense contradictions defeat generated in the US polity, as congressional hearings were aired about CIA crimes, and the US clearly was unsure of its direction for several years. Chomsky, who holds closely to a 'power issues from the barrel of a gun' approach to imperialism, has virtually nothing to say about the waxing and waning of US economic strength worldwide. Nor is his analysis in any way informed by feminist, anti-racist, or post-colonialist perspectives. He is so intent on proving his point that the US establishment, including its liberal wing, is united behind the unilateral exertion of US force (a point he has made in many other books) that all these concerns are indefinitely deferred.

Similarly, his view of domestic politics in the US does not explicate the kinds of questions needed to reconstruct political strategy on the left. Notwithstanding his grim take on US democracy, Chomsky celebrates the role of the social movements of the sixties and their continuing salience. Yet it would be of some value to understand why it has been the right, rather than the left, that has been able to increasingly dominate the federal government in the decades since. Noting the cynical deployment of public relations/advertising strategies explains nothing much; if they are so effective, why doesn't the left turn to them as well? To understand the weakness of the left, one would have to say something about the class, cultural, and racial divisions of US society, and the way the right has

been successful in exploiting those. One would also have to look more closely at the strategies pursued by bases of right wing strength, such as the churches and think tanks, and compare it to strategies adopted on the left. He implores readers to do more than just attend a few demonstrations and periodically vote, but he says nothing about what that 'more' might be. One wishes at times that Chomsky, who puts a great deal of stock in uttering truth, could encounter that other linguist-turned-left-public-intellectual, George Lakoff, who has urged the left to develop emotionally charged narratives comparable to those on the right.

The weakness of Chomsky's analysis comes not so much in the elements of US foreign policy and domestic politics he focuses on, but on what he leaves out. By leaving out multiple determinants, contradictions, and human agency, he makes these structures seem more solid, and at the same time more vulnerable to an explosive blast of truth, than they perhaps are. If urging him to look more closely at these factors seems like unfairly telling him to write a different book, one may well ask why he has insisted on continuing to write the same book over and over.

Steven Sherman

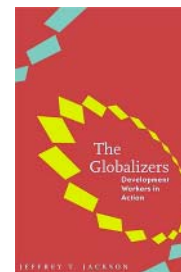
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Jeffrey T. Jackson. 2005. *The Globalizers: Development Workers in Action*. Baltimore: The Johns Hopkins University Press. 363 pages, ISBN 0-8018-8123-4 Cloth.
http://www.press.jhu.edu/books/title_pages/3406.html

In June 2006 the BBC's World Business Review focused on issues surrounding the WTO's upcoming Doha Round meeting. WBR host Rodney Smith noted, "The World Bank reckons if it's successful, the Doha Round could boost global wealth by almost \$300 billion...But Doha has also been vilified as a trap for poor countries. Other parties of the Treaty could open doors to powerful Western companies that could either damage or destroy local industry."

Smith asked, "What would happen if Doha failed? The poor countries would still get aid from the rich world. But aid hasn't defeated world poverty." The main question posed was, "should alternative forms of development replace rich country aid?" Skeptics, such as South African Economist Themba Sono believed rich country aid furthers the developing world's dependency on rich countries, while optimists like Steve Wilson from the Inter-American Development Bank



(IDB) countered that rich country aid is the only viable solution. What remains missing from the WBR discussion are questions regarding why rich countries continue to disseminate billions of dollars in aid when the results are so paltry. And, who are the people that disseminate aid, and how do they decide how to do it? Few scholars have chosen to critically examine the people and institutions that actually disseminate aid. This is exactly what Jeffrey Jackson has set out to do.

In *The Globalizers*, Jackson's exposes the international development institutions and their practitioners, which are the primary actors that pave the way for global capitalism. Utilizing ethnographic fieldwork, personal experience, and archival data gathered in Honduras from 1995–6, and in a follow-up investigation in 2000, Jackson lays bare the significant role that aid institutions play in building nations to fit the global capitalist agenda. By providing aid and establishing influential ties within host country institutions, the globalizers—the development practitioners—“ensure macroeconomic stability, foreign investment, and export-oriented economic growth...[and] they provide social order and stability through coercive and consensual mechanisms of social order” (138).

Jackson provides evidence that globalization studies have overlooked a set of key actors in their analyses of global capitalism. Jackson goes as far as to say, “I consider the members of the international development profession to be the most significant globalizers in the world today” (p. 3). This appears a bold statement. But when the evidence is presented, which includes dealings from the IDB, the World Bank, the US Agencies of International Development (USAID) and many others, the reader is left with the understanding that aid has many understudied consequences. Although multinational corporations—the primary focus in globalization literatures—are indeed influential, the globalizers may be more so.

Chapter 1, “The Institutions,” provides a detailed description of the history, design, and influence of international development in Honduras. In Honduras, aid is dominated multilaterally from the IDB and bilaterally from the USAID. NGOs also provide aid, yet they are often funded by groups like USAID. Jackson reveals an interview with a USAID employee that is reflective of his other in-depth interviews; the USAID and large lending institutions have extensive political and economic influence. Jackson claims that the very location of aid institutions in Honduras vis-à-vis their domestic counterparts indicates their discrepant resources and power. For anyone who has worked in Honduras, Jackson's causal link between power and building location (Honduran government buildings located near *parque central*, and the multilaterals in the ‘poverty-free’ *Colonia Palmira*) is only partly convincing, yet his main thesis remains important:

USAID, in conjunction with other aid groups, decide what development policies will look like for the Honduran government.

Who are the globalizers exactly? Chapters 2 through 4 put a face on these disseminators of aid and global capitalism. We see how the Western-based globalizer is culturally constructed by both their domestic experiences and their transnational experiences. This aspect of global migration is relatively absent in the globalization literature. Here, the wealthy countries produce professional experts who are exported to developing countries for their technical expertise: “Donor countries use their comparative advantage in professional and technical expertise to advance their own agendas in the developing world” (p. 66). Western globalizers are trained in neoliberal development practices and thus learn to promote the internationalization of networks, culture, etc. They are well-rewarded financially and politically with high salaries and access to powerful agents in the donor country. Jackson provides ethnographic data that reveals how Western globalizers view themselves and their mission as development practitioners. Western globalizers, it seems, feel caught in a dilemma; they want to “do good,” to help these countries in need, yet they do not really believe that they, as development agents, are really getting anywhere. The interviews reveal that globalizers admit that their work will not “develop” countries like Honduras, but they can't imagine Honduras working on its own problems autonomously. Some, like interviewee Elaine, claim the problem is that Hondurans are fatalistic, and thus blame Hondurans for their economic problems.

Honduran globalizers are in an entirely different predicament. For one, they are paid much less. Most Western globalizers in mid-range positions earn about \$4,000 per month. Even a lowly Peace Corps Volunteer receives about \$250, more than a Honduran teacher or nurse, the highest paid folks in rural villages. More likely counterparts of Western globalizers are employees of the Honduran Ministry of Water and Sanitation (SANAA), or The Honduran Forest Service (COHDEFOR, an acronym Jackson misspells), who earn around \$300. Additionally, they can not easily find work abroad like the Western globalizers. Finally, there is the glass ceiling effect that inhibits Hondurans from advancing to any agenda-setting position. Like Western globalizers, Honduran globalizers express devotion to progressive social issues. But unlike their Western counterparts, they are concerned with issues in their own country exclusively. Some Honduran globalizers commented that they believed that the host nations should have some ability to accept or reject a project, and hold accountable the implementers of development, but at present they do not have this power.

This final point regarding accountability finds itself at center stage in the second half of the book. Both the Western and Honduran globalizers recognize that there is a lack of accountability for projects dictated by the globalizers.

With billions of dollars on the line and long-range socioeconomic consequences of such aid, this is a significant point.

Whereas the first half of the book is good, the second half contains excellent insights. How the two halves are connected is less clear than Jackson might assume. Interviews with a few practitioners in Tegucigalpa reveal less about the dependency of Honduran aid and development institutions on the Western world than does the judicious work that went into compiling the second half of this book.

Chapter 5, "Global Governance," deserves a wide readership. It takes us out of interviews in Tegucigalpa and into a theoretical exploration that undergirds the dealings of international development institutions. Jackson provides a theoretical contribution to the development literature that deserves scrutiny. Drawing on William Robinson (and thus Marxism), Weber, and Foucault, Jackson describes power in global governance. Briefly, economic globalization has caused the class divisions and social groups in national states to expand beyond their historic boundaries. The "global economy" breaks down barriers and links "national circuits into a global circuit of accumulation" (p. 135). Yet, contrary to Robinson, Jackson maintains that it is the globalizers who put the political organization in place that global economic institutions then use to maintain and expand the global capitalist system (p. 135). Robinson's analysis reveals the broader global structure in which the globalizers function, but the globalizers play a primary role in setting up the infrastructure and ideology necessary to reorganize national states to global capitalist objectives. Through *intervention* (intervening in local politics), *surveillance* (monitoring and assessing aid projects), *agenda setting* (creating blueprints to run the country), and *garnering consent* (using time and money to influence decisions on projects), the globalizers establish the infrastructure for neoliberal economic activity. The IMF, World Bank, and G7 are forums that the national state is reorganized to serve. Jackson adds to the list of transnational political arrangements globalizers like USAID, IDB, and other development agencies.

Chapters 6 and 7 outline how globalizers instilled their power in Honduras by building *El Cajón*, the 8th largest dam in the world. Designed by the IDB and World Bank, *El Cajón* exhibits how the globalizers initiated a costly project, provided Western companies with very lucrative contracts, and gifted global institutions with profitable lending deals. But it never functioned as it should. The dam design proved flawed, almost leading to a national disaster in the 1990s. Yet the globalizers were not held accountable. Rather, they received new loans and contracts in order to fix their faulty dam. Perhaps Jackson's most exciting chapter, Chapter 7 is a detailed account of the near-disaster of *El Cajón*, the imminence of which only the globalizers were aware, along with the secre-

tive government higher-ups (p. 184). The globalizers were put in charge of finding a solution to repair *El Cajón* and deal with the electricity shortages. The key point of this recap of the energy crisis is that no one was held accountable for the incredible failures, poor oversight, and secrecy of the globalizers at the expense of the Honduran population. Whereas foreign globalizers (engineers) earned notoriety via articles and conferences for building *El Cajón* and 'solving' its problems, Honduran globalizers were put in serious financial straits and scorned by the Honduran public.

Chapters 8 and 9 appear slightly de-linked from the rest of the book. The main point here is that transnational corporations do not build *maquiladoras*, globalizers do. Here again, the globalizers are not held accountable for the mishaps of their developments. Jackson provides a good history of the US's "trade not aid" programs in Latin America, by creating free trade zones through development loans. These are not Jackson's best chapters. Some of the information is a little off the book's trajectory, discussing details behind potential lending projects in Jamaica and the Philippines, the globalizer's hand in writing legislation for changing laws in Guatemala, etc. But the point is clear—the US provides aid in order to help US companies get jobs/contracts overseas and expand US influence. In the Honduras case, they were able to do so by collaborating with Honduran industrialists and government without involving the Honduran citizenry. The consequence was the minimization of labor rights, the illegal employment of children, and riots. The globalizers were not held accountable until NGOs (who often play the role of globalizer) exposed the child labor violations in Honduras, forcing companies like Liz Claiborne to cancel their contracts with subcontractors working the export-processing zones (EPZs) in Honduras. Here the NGOs played the role of globalizer, the consequence of which is not fully developed theoretically or empirically by Jackson. These chapters do bring to light the fact that the decision-making process of what happens in Honduras is often decided by non-Hondurans. In this case, the US Congress, under the pressure of NGOs and the media, issued a set of hearings on how they would set the standards for EPZs in Honduras. The solution? The USAID would provide *more aid* to help Honduras address its child labor problems, and the globalizers would work with retailers on how to monitor labor in Honduras.

Chapter 10 recaps Hurricane Mitch, the most damaging hurricane to hit Honduras in 200 years, revealing once again the influential role that the globalizers play in organizing development in Honduras. Here, the role was one of strategic organizing of disaster relief. Post-Mitch, the World Bank was the most prepared to coordinate relief efforts in Honduras, and it did so. But disaster relief might not be the best example of Jackson's claim that development work is not about aid, but about power. Having lived in Honduras before, during, and

after Hurricane Mitch, I suspect that many globalizers were more interested in feeding and saving people than anything else, and that they made a difference. This is where Jackson may wish to provide a less crude dichotomy between “aid” and “power”. How aid was distributed indeed reflects the power dynamics that Jackson describes. Yet, without the coordination of international lending agencies, more aid would have been lost due to corruption and poor planning (which was still rampant). What Jackson needs to ask is, did the aid get to those who most needed it? In southern Honduras, the most damaged part of Honduras (which Jackson does not investigate), much of that aid did not reach those most in need (Gareau 2004). But it would have been even worse without international coordination (Cf. Morris and Wodon 2003).

At the end of the book we are still left with the quandary explored on the WBR: “Should alternative forms of development replace rich country aid?” Even if globalizers are held accountable, are there better alternatives to globalizer-administered aid? What *are* the alternatives for such large-scale lending, and how do we implement them? These are crucial, unanswered questions.

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