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# THE DEVELOPMENTALIST ILLUSION: A RECONCEPTUALIZATION OF THE SEMIPERIPHERY

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## **THE BLIND ALLEY OF UNEQUAL EXCHANGE**

When we speak of "semiperiphery," we refer to an intermediate position in the core-periphery structure of the capitalist world-economy. Most studies assume that this core-periphery structure consists of networks of "unequal exchange" through which some states (often identified as "industrial" or "industrialized") appropriate a disproportionate share of the benefits of the international division of labor while most other states reap only such benefits as are necessary to keep them in the relationship of unequal exchange. The former states are said to constitute the "core" of the capitalist world-economy and the latter to constitute its "periphery." Semiperipheral states (often referred to as "semi-industrial" or "semi-industrialized") are then defined as states that occupy an intermediate position in this network of unequal exchange: they reap only marginal benefits when they exchange with core states, but they reap most of the net benefits when they exchange with peripheral states.<sup>1</sup>

This conceptualization is based on a number of assumptions that in my view are highly questionable on both a priori and historical grounds. The first questionable assumption is that "industrialization" is the equivalent of "development" and that "core" is the same as "industrial." Interestingly enough, this assumption cuts across the great divide between the dependency and the modernization schools. For both schools, to "develop" is to "industrialize" by definition. Needless to say, the two schools strongly disagree on how and why some countries have industrialized and others have not or have deindustrialized, but most of their practitioners take for granted that development and industrialization are one and the same thing.

This view is so ingrained that it has remained unchallenged notwithstanding the recent wave of deindustrialization among the wealthiest states of the capitalist

world-economy. The corresponding rapid industrialization of comparatively poor states has been generally taken at face value as the equivalent of "development." To my knowledge, no one from within these schools has raised the question of whether these joint processes of deindustrialization and industrialization have been matched by a corresponding narrowing of the gap between the wealth, power, and welfare of the wealthy but deindustrializing group of states, on the one side, and the not-so-wealthy but industrializing group of states, on the other. No doubt, dependency and modernization practitioners would both agree that industrialization is generally pursued not as an end in itself but as a means in the pursuit of either wealth, or power, or welfare, or combinations thereof, and that this question is therefore quite legitimate. But in order to be able to raise the question at all, it is necessary to abandon the postulate that industrialization is the equivalent of development.

A second questionable assumption in this conceptualization is that core-periphery relations consist of relations of "unequal exchange" and that the core-periphery structure of the world-economy consists of a network of exchanges, typically a trade network. For one thing, it is not always clear what "unequal exchange" means to those who use the term. The standard reference is Emmanuel (1972), but very few of those who refer to it seem to be aware of what Emmanuel's concept of unequal exchange involves and does not involve.

Emmanuel's concept of unequal exchange has nothing to do with position in a network of trade. It refers to trade between states characterized by different wage levels but by the same rate of profit and level of productivity. It is premised on a lack of mobility of labor resources and a high mobility of capital resources between the trading partners, and it results in the appropriation of the benefits of trade by the partner with the higher level of wages, regardless of its position in trade networks.

More importantly, unequal exchange has not been the only mechanism involved in core-periphery polarization, nor have its effects on the core-periphery structure of the world-economy been as unambiguous as those who use the term imply. I am not in any way denying the decisive role played by unequal exchange in creating and reproducing the core-periphery structure of the capitalist world-economy. Historically, capital has been far more mobile than labor across the space of the capitalist world-economy, and wage differentials among the territories incorporated in the latter have been not only larger but growing faster than differentials in productivity and in rates of profit. It is hardly conceivable that core states could have achieved their present standards of power, wealth, and welfare without a previous long history of direct and indirect exchanges of commodities with comparatively low-wage states and territories.

Granted all this, it does not follow that unequal exchange has been the only or even the main mechanism of core-periphery polarization, or that core-periphery polarization is necessarily its outcome. Unequal exchange is only one of several mechanisms of core-periphery polarization. Equally important have been two other mechanisms, which we may designate as unilateral transfers of labor, on the one

hand, and of capital, on the other hand. Unlike unequal exchange, these unilateral transfers do not presuppose the existence of a trade relation and of a trade network. Hence in principle, unilateral transfers from one state or territory to another are compatible with a complete absence of relationships of unequal exchange between the states or territories involved.<sup>2</sup>

Historically, unilateral transfers of labor and capital have been both forcible and voluntary. Forcible transfers are transfers prompted by the use of violence or the credible threat thereof by the receiving state and its agents. The slave trade and the transfer and use of prisoners of war as workers are examples of forcible unilateral transfers of labor resources, while the extortion of monetary instruments from colonies or of war reparations from defeated enemies is an example of forcible unilateral transfers of capital resources. Voluntary transfers, in contrast, are transfers based exclusively on the self-interest of the owners of the resources that are being transferred, the most prominent examples being the emigration of workers and the "flight of capital."

Both kinds of unilateral transfers have been crucial in the constitution and reproduction of the core-periphery structure of the capitalist world-economy, although, over time, the importance of forcible transfers has been declining relative to that of voluntary transfers. The fact that voluntary transfers are considered morally less objectionable than forcible transfers does not mean that they are less efficacious as mechanisms of core-periphery polarization. On the contrary, voluntary transfers are far more efficacious than forcible transfers wherever and whenever differentials between and among locales in the level and security of rewards have become large enough to create a widespread and strong incentive for owners of labor and capital resources to transfer such resources to sites in which the returns are highest and most secure.

Unilateral transfers of this kind have been far more important than unequal exchange in the expansion of the core to include most of the so-called lands of new settlement, the United States in the first place, in the late nineteenth and early twentieth centuries. The effects of these transfers on the "sending" countries were not at all uniform. Overall, however, the effect was an unprecedented polarization in the hierarchies of wealth, power, and welfare of the capitalist world-economy.

Unequal exchange is thus only one of several mechanisms through which the core-periphery structure of the world-economy has been created, reproduced, and deepened. But this is not all. As already mentioned, its effects on the core-periphery structure of the capitalist world-economy are far more contradictory than is normally supposed. A country that sells commodities embodying high-wage labor in exchange for commodities that embody low-wage labor can continue to do so and reap the benefits of the exchange only to the extent that the relationship in production and consumption between the two kinds of commodity is one of complementarity rather than of competition. If for any reason the relationship of complementarity weakens and that of competition becomes stronger, unequal exchange in this sense becomes the weapon of the "exploited" country to gain wealth,

power, and welfare relative to, and possibly at the expense of, the “exploiting” country. Under these circumstances Warren’s (1980) thesis that the “exploitation” of low-wage countries by high-wage countries may be better than no exploitation at all contains an important element of truth.

In this connection, it should be noticed that the most striking instances of upward “mobility” in the capitalist world-economy since World War II (Japan, South Korea, and Taiwan) have all relied heavily at one point or another of their ascent on the export of commodities embodying comparatively low-wage labor in exchange for commodities embodying comparatively high-wage labor. It does not follow from these historical experiences that all peripheral and semiperipheral states could or can enrich themselves in the same way as Japan, South Korea, and Taiwan did. As we shall see, this is out of the question. But it does follow that unequal exchange can cut or work both ways (toward polarization and toward depolarization) and that, therefore, the assumption of a fundamental identity between core-periphery relations and relations of unequal exchange is unwarranted.

*Mutatis mutandis*, what has just been said of unequal exchange applies to unilateral transfers of capital and labor resources as well. Historically, the systematic export of capital resources has been as much a mechanism of “corification” as it has been of peripheralization. From sixteenth-century Holland to present-day Japan, the investment abroad (primarily in the form of interest-bearing capital) of an ever-expanding share of a nation’s capital resources has been a major instrument in the formation and consolidation of core positions. As for the unilateral transfer of labor resources, suffice it to note that the ascents to core position of Britain in the seventeenth and eighteenth centuries and of Switzerland and Sweden in the late nineteenth century were both preceded or accompanied by massive out-migration of labor resources.

In sum, unequal exchange and unilateral transfers of labor and capital resources have all contributed to the formation and reproduction of the core-periphery structure of the world-economy. However, they are not essential features of core-periphery relations. If core-periphery relations pertain, as I think they do, to some fundamental and self-reproducing inequality in the distribution of wealth among the states and peoples of the capitalist world-economy, then unequal exchange and unilateral transfers of labor and capital resources are purely contingent attributes of such relations, just like industrialization and deindustrialization. They may or may not coincide with core-periphery relations, depending on the particular circumstances of time and place under investigation. In and by themselves they can never tell who is benefiting and who is not benefiting from the structural inequalities of the capitalist world-economy.

## **THE WEALTH OF NATIONS IN WORLD-SYSTEMS PERSPECTIVE**

World-systems analysis provides us with an easy way out of the theoretical impasse in which we are bound to find ourselves if we insist on identifying the core-periphery structure of the capitalist world-economy on the basis of networks

of exchange, or, worse still, on the basis of comparative degrees of industrialization. Following Marx and Schumpeter, world-systems analysis conceives of capitalism as an evolutionary system in which the stability of the whole is premised on the perennial change in and of the parts. Core-periphery relations are no exception. The kinds of inputs, outputs, and techniques of production and distribution and the positions in networks of trade and resource allocation that endow states with differential capabilities to appropriate the benefits of the world division of labor are assumed to change continually as a consequence of the introduction and diffusion of political, economic, and social innovations.<sup>3</sup>

In this kind of conceptualization, what is a core and what is a peripheral mix of activities vary continually over the time and space of the world-economy. A particular mix of activities (e.g., specialization in manufacturing; export of commodities embodying high-wage labor and import of commodities embodying low-wage labor; export of capital and import of labor) may enable a particular state at a given time to appropriate a disproportionately large share of the benefits of the world division of labor, but other states may not be able to do the same at the same time, nor may the same state be able to do the same at another time.

Core-periphery relations are determined not by particular mixes of activities, but by the systemic outcome of the perennial gale of creative and not-so-creative destruction engendered by the struggle over the benefits of the world division of labor. The central theoretical claim of world-systems analysis concerning this systemic outcome is that the capability of a state to appropriate the benefits of the world division of labor is determined primarily by its position, not in a network of exchanges, but in a hierarchy of wealth. The further up in the hierarchy of wealth a state is, the better positioned its rulers and subjects are in the struggle for benefits. Their opportunities to initiate and control processes of innovation or to protect themselves from the negative effects of the processes of innovation initiated and controlled by others are distinctly better than the opportunities of the rulers and subjects positioned further down in the hierarchy of wealth.

In addition, world-systems analysis claims that this hierarchy of wealth consists of three distinct layers or clusters. States positioned in the upper cluster routinely appropriate a disproportionate share of the benefits of the world division of labor and, in this sense, constitute the core of the capitalist world-economy. States positioned in the lower cluster reap benefits that at most cover the long-term costs of participation in the world division of labor and constitute the periphery of the capitalist world-economy. States positioned in the intermediate cluster (semiperipheral states) appropriate benefits in excess of the long-run costs of participation in the world division of labor but less than what is necessary to keep up with the standard of wealth set by core states.

These three positions are defined not just in quantitative terms (that is, as an upper, a lower, and an intermediate position on a scale of wealth) but qualitatively as well (as relational capabilities to appropriate the benefits of the world division of labor). They parallel the concepts of "oligarchic" and "democratic" wealth first introduced by Harrod (1958) and rescued from oblivion by Hirsch

(1976). Even though these concepts were formulated to explicate differentials in personal wealth, they can be used to explicate wealth differentials among nations.

Harrod (1958) distinguishes two kinds of personal wealth, "democratic" and "oligarchic," and maintains that they are separated by "an unbridgeable gulf." Democratic wealth is the kind of command over resources that, in principle, is available to everyone in direct relation to the intensity and efficiency of his or her efforts. Oligarchic wealth, in contrast, bears no relation to the intensity and efficiency of the efforts of its recipients and is never available to all no matter how intense and efficient their efforts are. This is so, according to Harrod, for two main reasons. The first reason corresponds to Emmanuel's concept of unequal exchange but refers to exchanges among persons. We cannot all command services and products that embody the time and effort of more than one person of average efficiency. If someone does, it means that somebody else is laboring for less than what he or she should command if all efforts of equal intensity and efficiency were rewarded equally. The second reason is that some resources are scarce in an absolute or relative sense or are subject to congestion or crowding through extensive use. Their use or enjoyment, therefore, presupposes the exclusion or crowding out of others either through a pricing or a rationing system and leads to the formation of rents and quasi-rents.

The struggle to attain oligarchic wealth is thus inherently self-defeating. As underscored by Hirsch, the idea that all can attain it is an illusion.

Acting alone, each individual seeks to make the best of his or her position. But satisfaction of these individual preferences itself alters the situation that faces others seeking to satisfy similar wants. A round of transactions to act out personal wants of this kind therefore leaves each individual with a worse bargain than was reckoned with when the transaction was undertaken, because the sum of such acts does not correspondingly improve the position of all individuals taken together. There is an "adding-up" problem. Opportunities for economic advance, as they present themselves serially to one person after another, do not constitute equivalent opportunities for economic advance by all. What each one of us can achieve, all cannot. (Hirsch 1976, 4-5)

World-systems analysis maintains that states pursuing national wealth in a capitalist world-economy face an "adding-up" problem similar to, and in many ways more serious than, the one faced by individuals when they pursue personal wealth in a national economy. Opportunities for economic advance, as they present themselves serially to one state after another, do not constitute equivalent opportunities for economic advance by all states. As Wallerstein (1988) insists, development in this sense is an illusion. The wealth of core states is analogous to Harrod's oligarchic wealth. It cannot be generalized because it is based on relational processes of exploitation and relational processes of exclusion that presuppose the continually reproduced poverty of the majority of the world population.

Processes of exclusion are as important as processes of exploitation. As used here, the latter refer to the fact that the absolute or relative poverty of peripheral

and semiperipheral states continually induces their rulers and subjects to participate in the world division of labor for marginal rewards that leave the bulk of the benefits to the rulers and subjects of core states. Processes of exclusion, in contrast, refer to the fact that the oligarchic wealth of core states provides their rulers and subjects with the means necessary to exclude or crowd out the rulers and subjects of peripheral and semiperipheral states from the use and enjoyment of resources that are scarce or subject to congestion.

The two processes are distinct but complementary. Processes of exploitation provide core states and their agents with the means to initiate and sustain processes of exclusion. Processes of exclusion generate the poverty necessary to induce the rulers and subjects of peripheral and semiperipheral states to continually seek reentry into the world division of labor on conditions favorable to core states.

If the wealth of core states corresponds to Harrod's concept of oligarchic wealth, the wealth of semiperipheral states corresponds to Harrod's concept of democratic wealth because, in principle, it could be generalized. If all human efforts of equal intensity and efficiency were rewarded equally and if all human beings had equal opportunities to use scarce resources, all peoples could enjoy the kind of command over resources that is already enjoyed, on average, by the peoples of the semiperiphery. In reality, however, the most essential feature of the capitalist world-economy is the unequal reward of equal human efforts and unequal opportunities to use scarce resources. As a consequence, only a minority of the world population enjoys democratic wealth and does so only by means of a perennial struggle against the exclusionary and exploitative tendencies through which the oligarchic wealth of core states is created and reproduced.

The struggle against exclusion and the struggle against exploitation are different in kind. Some semiperipheral states rely more on one than on the other, but most alternate or combine the two. A struggle against exclusion is a struggle for a comparatively secure niche in the world division of labor. Success in this kind of struggle generally implies (1) greater specialization in activities in which the semiperipheral state has or can acquire some kind of competitive advantage, (2) an active involvement in relations of unequal exchange in which the semiperipheral state supplies commodities embodying low-wage labor to core states in exchange for commodities embodying high-wage labor, and (3) a more thorough exclusion of peripheral states from the activities in which the semiperipheral state seeks greater specialization.

Struggles against exploitation move in the opposite direction. They are struggles aimed at the creation of divisions of labor as autonomous as possible from the axial division of labor of the capitalist world-economy. The success of this kind of struggle generally implies (1) the undertaking by the semiperipheral state of a wide range of activities regardless of comparative advantage, (2) the self-exclusion of the semiperipheral state from relationships of unequal exchange with core states, and (3) an active involvement in relations of unequal exchange in which the semiperipheral state supplies commodities embodying high-wage labor to peripheral states in exchange for commodities embodying low-wage labor.

By struggling in these two directions, semiperipheral states can keep ahead of the poverty of peripheral states but, as a group, can never bridge the gulf that separates their wealth from the oligarchic wealth of core states. Success in each kind of struggle has its inherent limitations. The very success of struggles against exclusion leads to a more intensive or extensive exploitation of semiperipheral states by core states and thereby enhances the capabilities of the latter to exclude the former from the most rewarding activities and from the use or enjoyment of scarce resources. The very success of struggles against exploitation leads to self-exclusion from access to the wealthiest markets and the most dynamic sources of innovations.

Individual states can and do succeed in crossing the gulf that separates the modest wealth of the semiperiphery from the oligarchic wealth of the core, as Japan has recently done and a few others did before Japan. But individual successes lead to a tightening of the exclusionary and exploitative tendencies of core states and thereby deepen and widen the gulf for those who are left behind. It therefore becomes inherently more and more difficult to change status upward.

This does not mean that the struggles of semiperipheral states against exclusion and exploitation are ineffectual. On the contrary, it is precisely their capability to wage successfully these struggles that keeps semiperipheral states from falling into the abysmal poverty of peripheral states. Unfortunately, this is nothing to be proud of, at least from a humanitarian point of view. As we have seen, success in the struggle against exclusion generally implies a more thorough exclusion of peripheral states from the activities in which semiperipheral states seek specialization; and success in the struggle against exploitation generally implies a greater exploitation of peripheral states by semiperipheral states.

Either way, a worsening of conditions for peripheral states as a group is a requirement of the success of semiperipheral states to attain and retain democratic wealth. Hence not all states can be or become semiperipheral. Individual states can cross the gulf that separates the periphery from the semiperiphery, but also in this case the opportunities for economic advance, as they present themselves serially to one peripheral state after another, do not constitute equivalent opportunities for economic advance by all peripheral states. What each peripheral state can achieve, others are thereby denied.<sup>4</sup>

### **ILLUSIONS OF DEVELOPMENT: 1938–1983**

Wealth is long-term income. If the claims of world-systems analysis have any validity at all, observation of the distribution of incomes among the various political jurisdictions of the capitalist world-economy over relatively long periods of time should reveal the existence of three separate standards of wealth corresponding to the oligarchic wealth of core states, the democratic wealth of semiperipheral states, and the nonwealth, that is, the poverty, of peripheral states. It should also reveal that the vast majority of states have been unable to bridge the gulfs that separate the poverty of peripheral states from the modest wealth of semiperipheral



states and the modest wealth of semiperipheral states from the oligarchic wealth of core states.

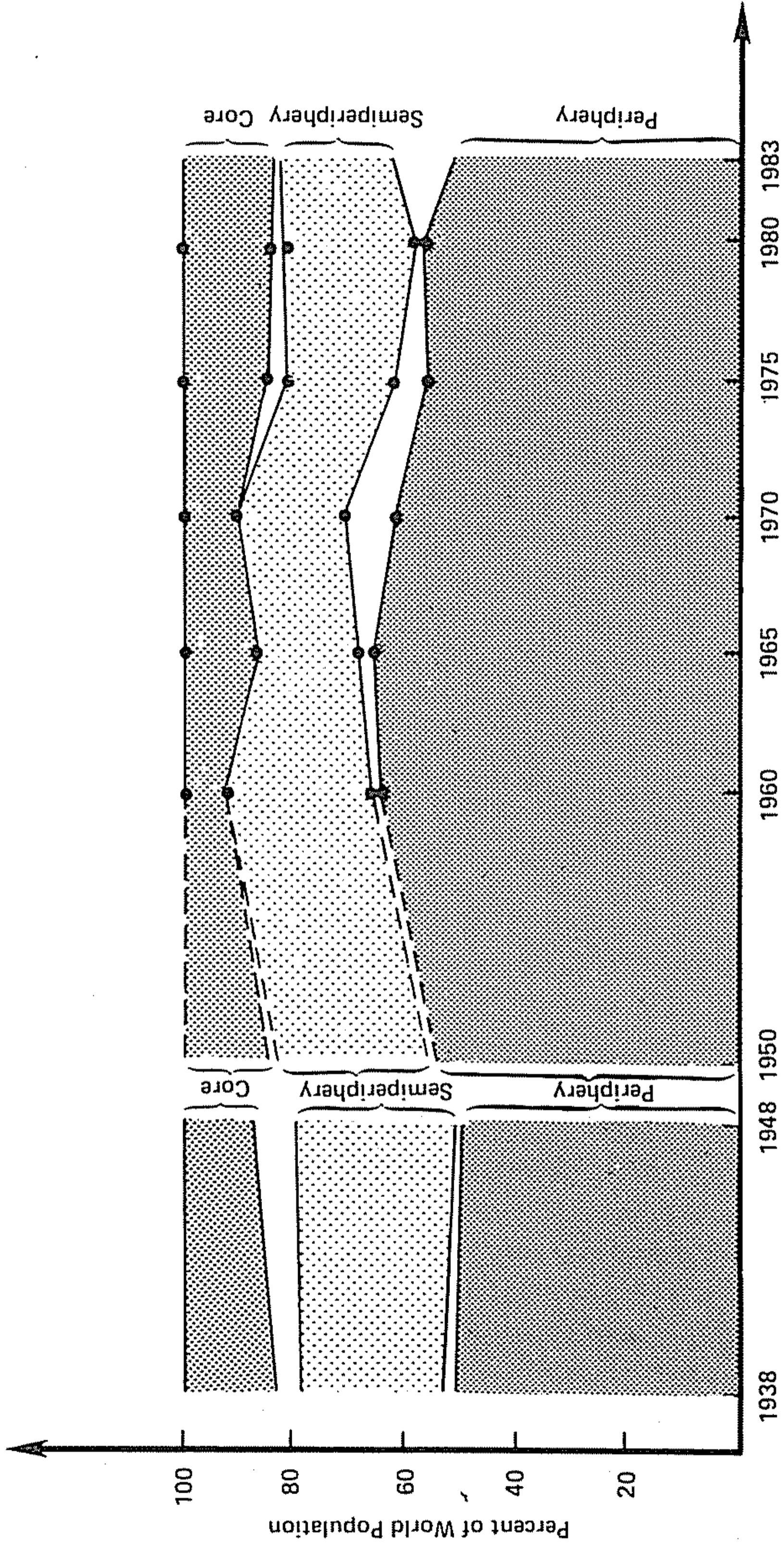
This is precisely what an investigation by Arrighi and Drangel (1986) has revealed. By inspecting the distribution of world population by the log of gross national product (GNP) per capita for the years 1938, 1948, 1950, 1960, 1965, 1970, 1975, 1980, and 1983, they observed a recurrent trimodal pattern in the data.<sup>5</sup> They took the income values corresponding to the three modes to be indicative of peripheral, semiperipheral, and core positions, and the income values corresponding to the troughs in the distributions to be indicative of gulfs or thresholds separating the periphery from the semiperiphery and the semiperiphery from the core. They labeled the first kind of threshold “perimeter of the periphery” (PP) and the second kind “perimeter of the core” (PC). A total of five positions were thus identified: (1) the periphery, (2) the perimeter of the periphery, (3) the semiperiphery, (4) the perimeter of the core, and (5) the core.

The distribution of world population among the five positions over the period 1938–1983 is shown in figure 2.1. The spaces separating the periphery from the semiperiphery and the semiperiphery from the core correspond to the perimeter of the periphery and the perimeter of the core, respectively. The break between 1940 and 1950 designates a change in the source of the data. The most striking feature of this distribution is its long-term stability in spite of considerable changes in the relative size of the three zones in the shorter run. If one bears in mind that wealth is long-term income, this discrepancy may be interpreted as an indication of a greater stability of the distribution of world population by classes of wealth than by classes of income. Year-by-year or even decade-by-decade variations in the distribution of world population by classes of income are not necessarily symptomatic of a change in the three-tier structure of the capitalist world-economy. Only longer-term variations in income distribution can give us some insight into this structure. As can be seen from figure 2.1, half a century is probably the shortest period we should take in order to avoid major distortions of the trends.

Figure 2.1 tells us nothing about “gulfs” separating the core, periphery, and semiperiphery, nor does it tell us anything about whether these gulfs, if they exist, are “bridgeable” or not. To gain some insight into these issues, we must investigate the composition of periphery, semiperiphery, and core in terms of the states included in each zone and how it has changed over the period 1938–1983. The relevant information is given in table 2.1.

States that did not change position at all are located in the cells that run along a diagonal from the upper left core-core cell to the bottom right periphery-periphery cell. The diagonals on each side of this main diagonal (entries on the diagonals from the two core-perimeter of the core cells in the upper left to the two periphery-perimeter of the periphery cells on the lower right) contain states that moved, but only from a zone to its contiguous perimeters—without crossing the boundary itself. By adding up the entries in the cells along these three diagonals we find that 88 out of 93 states, accounting for 94 percent of total population,

**Figure 2.1**  
**Percentage of World Population in the Three Zones**



Source: Arrighi and Drangel (1986, 39).

Table 2.1

Positions of States in 1975-1983 Compared to Their Positions in 1938-1950

		Position in 1938-1950							
		Core	PC	Semi-periphery	PP	Periphery	Total		
Position in 1975-1983	Core	(a) 11 (b) 13.1 (c) 10.4	4 2.6 1.8	3 5.6 4.3				18 (+7) 16.5 (+3.4)	
	PC	(a) (b) (c)	1 .1 .1	4 1.4 1.2				5 (-1) 1.3 (-2.0)	
	Semi-Periphery	(a) (b) (c)	1 .6 .8	23 18.6 17.6	5 0.8 1.0	1 0.8 1.0		30 (-3) 20.4 (-3.9)	
	PP	(a) (b) (c)		2 0.5 0.7	4 0.3 0.5	2 2.7 3.5		8 (-5) 4.7 (+2.4)	
	Periphery	(a) (b) (c)		1 0.2 0.3	4 1.2 1.5	27 51.6 55.5		32 (+2) 57.3 (+2.2)	
Total	(a) 11 (b) 13.1 (c)	6 3.3	33 26.3	13 2.3	30 55.1		93 (0) 100.1 100.2		

Source: Arrighi and Drangel (1986, 43).

Notes: (a) Number of states  
(b) Percentage of population in 1950  
(c) Percentage of population in 1970

were in 1975-1983 still on or within the boundaries of the zone in which they were located in 1938-1950.

In the period as a whole, upward and downward "mobility" in the hierarchy of wealth of the capitalist world-economy has been truly exceptional. Apart from the dubious case of Libya,<sup>6</sup> the exceptions were two cases of upward mobility from semiperiphery to core (Japan and Italy), one of transition from periphery to semiperiphery (South Korea, to which Taiwan would probably be added if data for the later years were available), and one case of downward mobility from semiperiphery to periphery (Ghana).

Even more interesting is the fact that mobility has been greater over short periods than over the whole period. By comparing positions of states as in table 2.1, but for two subperiods (1938–1950 to 1960–1970 and 1960–1970 to 1980–1983), Arrighi and Drangel show that both subperiods were characterized by greater overall mobility than the whole period 1938–1950 to 1980–1983—the first subperiod being characterized by greater overall downward mobility and the second subperiod being characterized by greater overall upward mobility. This finding is interesting for two related reasons. For one thing, it confirms the observation made earlier that the distribution of wealth (that is, of long-term income) is more stable than the distribution of short-term income. Ups and downs in relative income may mean very little from the point of view of the underlying hierarchy of wealth, which in fact may remain quite stable.

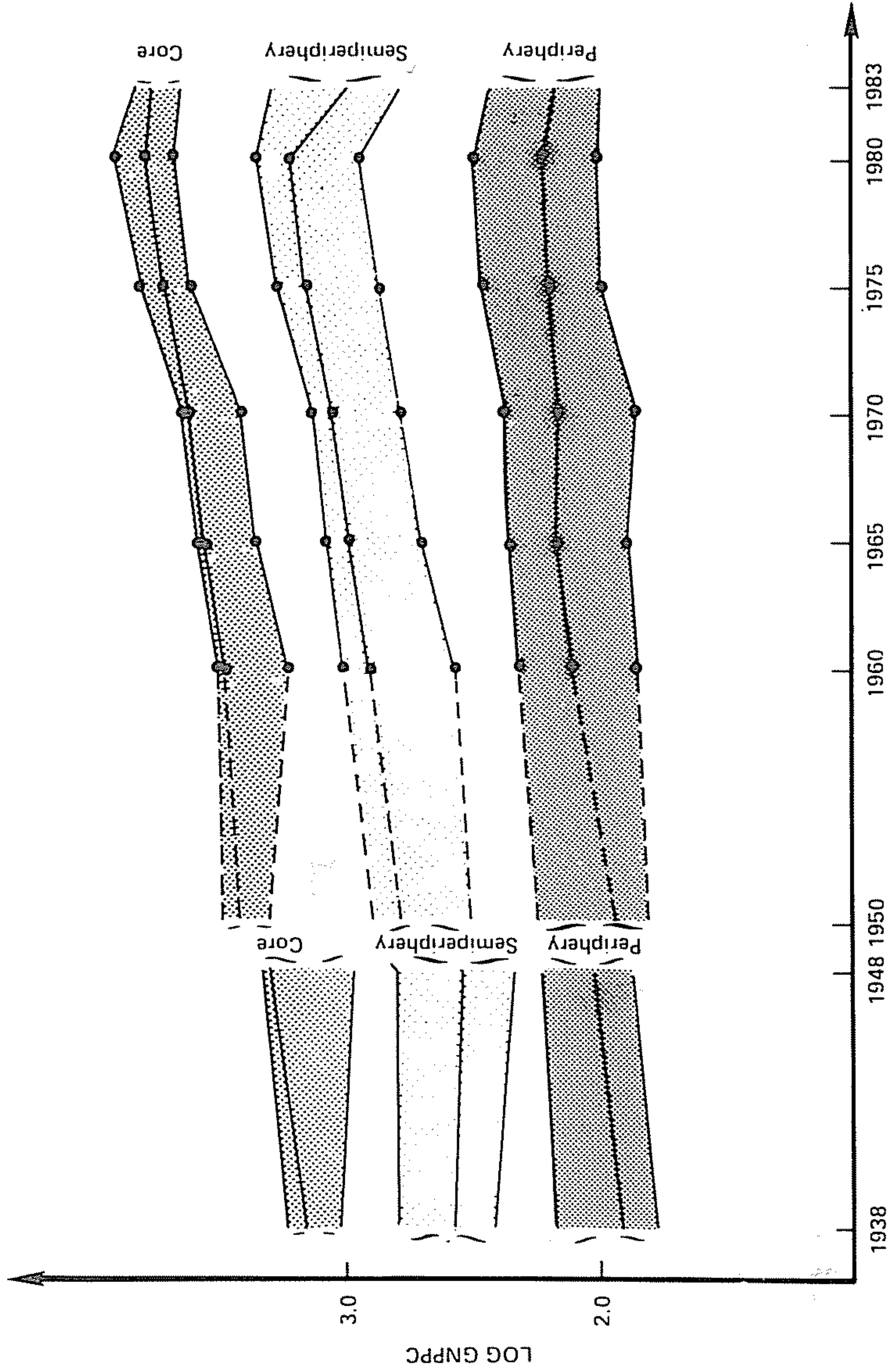
If this is the case, then the finding is interesting also because it unravels an important source of the developmentalist illusion. By taking relatively short periods as the unit of analysis (and periods of twenty to twenty-five years do indeed seem to be the norm), studies of development may easily mistake for generalized economic advancement what in fact is just an upswing in a pendulum-like movement that simply brings things back to where they were forty to fifty years before. In the course of the pendulum-like movement, there may be some reshuffling of states in the various positions (South Korea up, Ghana down), or even some genuine cases of upward mobility (Japan and Italy). Nevertheless, when the dust has settled, true cases of economic advance prove to be the exception, while the idea that many were advancing proves to have been an illusion.

The analysis of the composition of core, periphery, and semiperiphery and of its changes over time allows us to identify groups of states that have consistently remained within or on the boundaries of a given position throughout the forty-five year period. Arrighi and Drangel identify 75 such states out of the 93 included in their analysis and call them “organic” members of the three structural positions of the world-economy—10 in the core, 21 in the semiperiphery, and 44 in the periphery.<sup>7</sup> The data of these organic members are then used to construct indices of coreness, peripherality, and semiperipherality that presumably reflect structural (long-term) rather than conjunctural (middle-term) characteristics of the three positions.

The first set of indices concerns “relative economic command,” as measured by the logged weighted average and the range (mean plus/minus standard deviation) of the GNP per capita of the organic members of the three positions. These indices are plotted in figure 2.2 and provide us with a striking visual image of the unbridgeable gulfs that separate the oligarchic wealth of core states from the democratic wealth of semiperipheral states and the latter from the poverty of peripheral states.

When we look at groups of states rather than individual states, the hierarchy of wealth of the capitalist world-economy appears to be as well entrenched today as it was fifty years ago. During the period as a whole, the relative economic command of the core vis-à-vis the periphery and the semiperiphery has increased,

**Figure 2.2**  
**Trends in Relative Economic Command (Weighted Averages and Ranges of GNP Per Capita of Organic Members)**



Source: Arrighi and Drangel (1986, 50).

while that of the semiperiphery vis-à-vis the periphery has remained about the same. Core, periphery, and semiperiphery, as structural positions, are as wide apart today as they ever were.

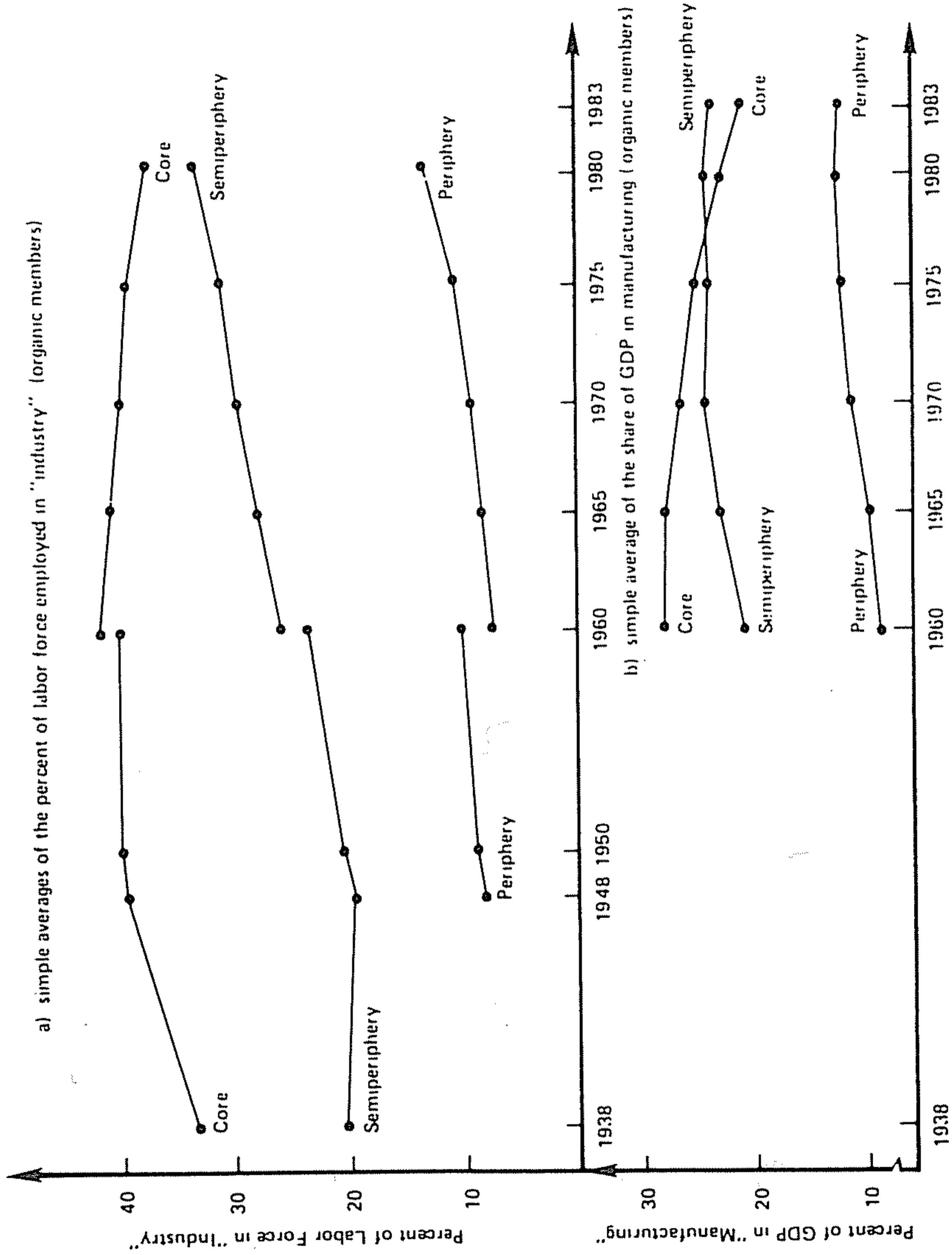
To be sure, in this picture there have also been periods in which either or both of the two gaps were narrowing (e.g., 1950–1960, when they were both narrowing). But whenever a narrowing took place, a widening soon followed to reestablish the gap. Particularly striking in this respect is the absolute and relative collapse of both indices of the semiperiphery (weighted average and range of GNP)—a collapse, incidentally, that has been confirmed by trends since 1983. This collapse shows how the absolute and relative gains of thirty years can be wiped out in the short span of three years.<sup>8</sup> Since the collapse has been closely associated with the explosion of so-called world-debt crisis, it also shows that unilateral transfers of monetary resources are as effective a weapon in keeping peripheral and semiperipheral states in their place as any other.

In this connection, a comparison of the indices plotted in figure 2.2 with those in figure 2.3 is highly instructive. Figure 2.3 displays two alternative indices of the degree of industrialization of the organic members of the three zones. They show, at first, a widening of the gap between core and both periphery and semiperiphery, and then a progressive and marked closing of the gap that, according to one index, culminates in the overtaking of the core by the semiperiphery in degree of industrialization.

For those who cannot tell the difference between industrialization and economic advance, this narrowing of gaps is taken as evidence of widespread development and catching up. In fact, the focus on industrialization is another source of developmentalist illusions. By comparing figure 2.2 and figure 2.3, we can clearly see that the narrowing of the industrialization gap has been matched by a basic stability of the gap in relative economic command, and that the final overtaking of the core by the semiperiphery in degree of industrialization corresponds to the collapse of the absolute and relative economic command of the latter. From this perspective, the spread of industrialization appears not as development of the semiperiphery but as peripheralization of industrial activities.

[The] industrialization of the semiperiphery and periphery has ultimately been a channel, not of subversion but of reproduction of the hierarchy of the world-economy. This finding illustrates the process . . . whereby the generalized attempt by political and economic actors to capture what at any given time are core activities stimulates competition that turns these activities into peripheral ones. . . . In the 1940s, industrial activities (or at least many of them) were indeed core activities. In the 1950s, lured by the “spectacular prizes” thrown at such activities, political and economic actors of the periphery and semiperiphery threw themselves into “industrialization.” At first, they reaped some benefits and thereby induced others to follow suit. In the 1960s and 1970s, however, industrial activities became increasingly overcrowded so that not only the spectacular prizes disappeared, but even the smaller benefits reaped by the early-late-comers progressively turned into the widespread losses of the 1980s. (Arrighi and Drangel 1986, 56–57)

**Figure 2.3**  
**Trends in the Degree of Industrialization**



Source: Arrighi and Drangel (1986, 54).

## THE POLITICS OF SEMIPERIPHERAL DEVELOPMENT

The fact that the industrialization of the semiperiphery has not changed the core-periphery structure of the capitalist world-economy does not mean that nothing has changed. On the contrary, the industrialization of the semiperiphery has been part of a wider social revolution that has radically changed the conditions of accumulation on a world scale. As Eric Hobsbawm has remarked, "The period from 1950 to 1975 . . . saw the most spectacular, rapid, far-reaching, profound, and world-wide social change in global history. . . . [This] is the first period in which the peasantry became a minority, not merely in industrial developed countries, in several of which it had remained very strong, but even in third world countries" (1986, 13).

This quantum leap in the proletarianization of the world has created tensions and contradictions that will decisively influence the politics of the world-economy for generations to come. The semiperiphery is the epicenter of these tensions and contradictions. Widespread processes of proletarianization and industrialization have endowed the industrial proletariat of the semiperiphery with a social power comparable to that previously enjoyed only by the proletariat of the core but in a national context of relative deprivation long forgotten (if ever experienced) in core states. This combination of proletarian social power and relative deprivation is at the roots of the general "crisis of dictatorships" that has swept the semiperiphery in the 1970s and 1980s.

Parliamentary democracy has never been at home in the semiperiphery. The last forty years have been no exception. Of the twenty-two states that qualify as organic members of the semiperiphery, only two comparatively small states (Costa Rica and Ireland) have been ruled throughout the last forty years by a parliamentary democracy akin to that of core states. Another two small states (Jamaica and Trinidad and Tobago) have had a similar experience, but only since they attained independence from Great Britain in the early 1960s. Apart from these four states, which account for 1.3 percent of the total population of the organic semiperiphery, all the other states positioned in the intermediate layer of the hierarchy of wealth of the capitalist world-economy have been ruled by authoritarian regimes for some or all of the last forty years.

Leaving aside the special cases of Hong Kong (a British colony throughout the period) and of Israel and South Africa (to be dealt with in the final section of the chapter), the other fifteen states, which account for 92.6 percent of the total population of the organic semiperiphery, have experienced two kinds of authoritarian regime. One kind has been experienced for varying lengths of time by every organic semiperipheral state of Latin America and Southern Europe with the exception of Costa Rica (Argentina, Uruguay, Chile, Venezuela, Panama, Mexico, Portugal, Spain, Greece, and Turkey). The other kind has held sway for the entire period over the USSR and the "popular democracies" of Eastern Europe, some of which also qualify as organic members of the semiperiphery.<sup>9</sup>

Notwithstanding their different origins, forms, and designations (fascist, corporatist, bureaucratic-authoritarian, military, and so on), the authoritarian regimes



of the first kind have been characterized by a common predisposition that sets them clearly apart from the authoritarian regimes of the second kind. This common predisposition has been (1) to preserve extreme class inequalities in the distribution of personal wealth within their domains, and (2) to perform subordinate functions in global processes of capital accumulation.

The fact that semiperipheral states as a group can never attain the national standards of wealth set by core states does not mean that particular classes or groups within the semiperiphery cannot enjoy standards of wealth analogous to those of their counterparts in the core. On the contrary, fractions of the upper and middle classes of the Southern European and Latin American semiperiphery have traditionally enjoyed standards of wealth that compare quite favorably with those of their counterparts in core states. These fractions are less numerous relative to total population than in the core, but they are just as wealthy. The other side of the coin has been a mass poverty for the lower classes of the semiperiphery that resembles or even exceeds that of their counterparts in the periphery.<sup>10</sup>

Faced with this kind of extreme inequality in the distribution of personal wealth, the authoritarian regimes of the Southern European and Latin American semiperiphery have generally performed one of two functions. They have either protected the accumulation and enjoyment of oligarchic wealth by the upper and middle classes from the demands and struggles of the excluded and exploited masses, or they have regulated the transfer of oligarchic wealth from one fraction to another of the upper and middle classes. In any event, the authoritarian regimes, unlike the authoritarian regimes of the USSR and Eastern Europe, have seldom, if ever, purposefully undermined the structural foundations of oligarchic wealth and mass poverty within their domains. To the extent that these foundations have been undermined, the main force at work has been the unfolding of world-systemic tendencies, which the ruling elites of these states neither initiated nor controlled.

These world-systemic tendencies can be traced to the long-term effects of the acute intracore hegemonic rivalries of the first half of the twentieth century. These rivalries gave a tremendous impulse to the development of organized labor in core states and of national liberation movements in the periphery. As a result of these parallel developments, which came to fruition after World War II, core states and capitalist enterprises were forced to make major concessions to organized labor, while their capabilities to counterbalance these concessions with a more extensive and intensive exploitation of the human and natural resources of the periphery became more constrained than they had previously been. Under these circumstances it became increasingly profitable for core capitalist enterprises to set up and expand production facilities in the semiperiphery and/or to recruit labor in the semiperiphery for exploitation in the core itself.<sup>11</sup>

The authoritarian regimes of the Southern European and Latin American semiperiphery actively encouraged both the relocation of production facilities to their domains and the recruitment of labor from their domains, in sharp contrast with the authoritarian regimes of the USSR and Eastern Europe, which actively opposed them (with the partial exception of Yugoslavia insofar as labor recruitment

was concerned). As a matter of fact, from the early 1950s to the middle 1970s, the provision of safe and profitable production sites for core capitalist enterprises and the supply of comparatively cheap and disciplined labor power for exploitation within their domains or, via migration, in core states became the main vocation of the authoritarian regimes of the Southern European and Latin American semiperiphery. The main attraction of this vocation was that it promised, and in most cases actually delivered, temporary but substantial surpluses of hard currencies, which could be used to maintain, reproduce, and expand the oligarchic wealth enjoyed by the most fortunate fractions of the upper and middle classes of these states. In the longer run, however, this "openness" of the authoritarian regimes of the Southern European and Latin American semiperiphery has been self-defeating.

The more semiperipheral states competed with one another in the provision of safe and profitable production sites and of cheap and disciplined labor supplies, the worse the terms that each and every one of them obtained for the performance of these subordinate functions in the global accumulation of capital. Furthermore, the spread of urbanization and the ever-widening participation of their labor forces in core processes of production and exchange, at home or abroad, progressively exhausted their comparatively large reserves of nonwage labor on which the competitiveness of their labor supplies had previously rested. As the labor supplies of the Southern European and Latin American semiperiphery became less competitive, absolutely and in comparison with the labor force of select core and peripheral locales, the benefits to core capital of expanding production in these regions or of recruiting labor from them decreased correspondingly, and the previous surpluses of hard currencies turned into soaring deficits.

Up to a point, the increasing social power of the expanding proletarian mass of these regions could be and was kept in check by a more intensive and extensive use of coercive methods. Over time, however, coercive methods could not keep up with the ever-increasing contradiction of a process of proletarianization and industrialization that increased the social power of the lower classes without significantly alleviating their mass misery. The progressive displacement of authoritarian regimes by parliamentary democracies that has characterized the Southern European and Latin American semiperiphery since 1974 can be interpreted as evidence of the inability of coercive rule to keep indefinitely under control the contradictions of prosystemic semiperipheral development.<sup>12</sup> Whether parliamentary democracy with its greater reliance on consent can control these contradictions more effectively than authoritarian regimes is a question to which we shall return in the concluding section of the chapter.

For now, let us notice that the prosystemic authoritarian regimes of the Southern European and Latin American semiperiphery are not the only ones to have experienced a crisis. The crisis has lately caught up also with the authoritarian regimes of the USSR and of the Eastern European semiperiphery. As already mentioned, these authoritarian regimes have pursued policies vis-à-vis class inequalities within their domains and vis-à-vis processes of capitalist accumulation

in the world-economy that contrast sharply with those pursued by the authoritarian regimes of Southern Europe and Latin America, at least up to the present crisis. If the orientation of the latter can be characterized as “prosystemic,” that of the former may well deserve the designation of “antisystemic.”

This antisystemic orientation has not been pure rhetoric. In intrastate relations it has found expression in a more or less thorough revolution in the distribution of personal wealth, which has been extensively “democratized” in the sense that, comparatively speaking, oligarchic wealth has been largely eliminated and mass poverty considerably alleviated. In interstate relations it has found expression in a refusal, backed by force, to play the kind of subordinate role in global processes of capital accumulation that has been played by the Southern European and Latin American semiperiphery. Up to very recently, their “doors” have been kept as closed as they could possibly be both to foreign direct investment and (with the exception of Yugoslavia) to recruitment of labor for exploitation abroad. The coercive character of these regimes has been closely related to the pursuit of these antisystemic objectives.

The purpose and dynamics of processes of proletarianization and industrialization in the Soviet and Eastern European semiperiphery have accordingly been quite different from what they have been in the Southern European and Latin American semiperiphery. As already noted, in the latter these processes have been primarily the expression of world-systemic forces that local ruling elites neither initiated nor controlled but tried to exploit in order to create, reproduce, or expand within their domains one form or another of oligarchic wealth. In the Soviet and Eastern European semiperiphery, in contrast, proletarianization and industrialization were the expression of purposive actions undertaken by local ruling elites in order (1) to revolutionize social relations domestically and (2) to restructure power relations internationally.

Domestically, the one-sided and forcible pursuit of proletarianization and industrialization was aimed at restructuring social relations so as to enhance the power of the newly established antisystemic regimes over their respective civil societies. While proletarianization was used to destroy all possible sources of autonomous social power for the bourgeoisie (“great” and “petty” alike), industrialization was used to create a proletariat thoroughly dependent for livelihood and protection on the new ruling class.

Internationally, proletarianization and industrialization were aimed at restructuring interstate relations so as to enhance the power of the regimes in question in the world-system at large. While industrialization was used to develop military capabilities comparable to those of core states, proletarianization was a key instrument in providing the resulting military-industrial complexes with the human and natural resources required by their development, maintenance, and competitive expansion.

The success of antisystemic semiperipheral development in furthering these objectives has been considerable and accounts for the historically greater power and stability of the authoritarian regimes of the Soviet and Eastern European

semiperiphery in comparison to the authoritarian regimes of the Southern European and Latin American semiperiphery.<sup>13</sup> In particular, the main contradiction of prosystemic proletarianization and industrialization—the fact, that is, that they increased the social power of the lower classes without significantly alleviating their mass misery—has affected to a much lesser extent, or not at all, the authoritarian regimes of the Soviet and Eastern European semiperiphery, primarily because the alleviation of mass misery has been part and parcel of their developmental strategy. But this developmental strategy had contradictions of its own that are coming to a head in the present crisis.

As foreseen by Isaac Deutscher (1967) with special reference to the Soviet Union, the most important such contradiction results from the fact that proletarianization and industrialization bring about an increasing divergence between the power interests of the ruling elites (officials and clients of the various Communist parties in power), on the one side, and the material interests of the industrial proletariat, on the other. As long as the industrial proletariat was a powerless and small minority of the subject population, the increase in its size due to proletarianization and industrialization was a factor of consolidation and enhancement of the political power of the ruling Communist parties, as the latter anticipated. However, the more the proletariat has come to include the vast majority of the population, the more difficult it has become for the ruling Communist parties to claim credibly to represent it against the interests of groups and classes that have been by now largely or completely eliminated.

The coercive methods of rule practiced by Communist parties have thus appeared less and less a means to the end of protecting the interests of a weak proletariat vis-à-vis more powerful social groups and classes, and more and more a means to the end of protecting the power and privileges of party officials and their clients from the effects of generalized proletarianization. At the same time, it has become more difficult for the ruling Communist parties to improve further the standards of living of the expanding proletariat. The initial improvements were due primarily to the forcible “democratization” of national wealth. Once national wealth had been “democratized,” improvements came to be constrained by systemic conditions (first and foremost the semiperipheral position of these states in the hierarchy of wealth of the capitalist world-economy), which these ruling elites could do little to change.

This contradiction was compounded by the increasing difficulties the Communist regimes had in keeping up with the power of core states in the world-system. Initially, authoritarian rule could be presented as necessary in order to reallocate forcibly resources from the reproduction of the oligarchic wealth of the upper classes to the construction, maintenance, and reproduction of military-industrial complexes capable of protecting the subject population in general, and its lower classes in particular, from powerful and aggressive foes. But as this reallocation was completed, and the aggressiveness of neighboring and distant foes was successfully tamed, the social costs of keeping up with the military-industrial complexes of core states sharply increased, and its social benefits sharply decreased.

Social costs increased sharply because the resources necessary to keep up with the military-industrial complexes of core states could no longer come from the curtailment of oligarchic wealth, which had largely vanished from the domains of these regimes. Rather, they had to come from a curtailment of democratic wealth, that is, from the long-term income of a thoroughly proletarianized civil society. Social benefits decreased sharply because once the aggressiveness of neighbors had been tamed, the endless accumulation of means of war brought less and not more security to the subject population.

## THE SEMIPERIPHERY AND THE FUTURE OF THE WORLD-ECONOMY

In introducing the concept of semiperiphery, Immanuel Wallerstein maintained that the existence of the semiperiphery is essential to the stability of the capitalist world-economy. Politically, a system polarized in a small distinct high-status and high-income sector, on the one side, and a large, relatively autonomous, low-status, low-income sector, on the other side, would lead quite rapidly to acute and disintegrating struggles. The major political means by which such crises are averted is the creation of "middle" sectors, which tend to think of themselves primarily as better off than the lower sectors rather than worse off than the upper sector. This obvious mechanism, operative in all kinds of social structures, serves the same function in world-systems (Wallerstein 1979, 69).

In addition to this political function, the semiperiphery performs the economic function of relieving capital from congestion in the core.

For individual capitalists, the ability to shift capital, from a declining sector to a rising sector, is the only way to survive the effects of cyclical shifts in the loci of the leading sectors. For this there must be sectors able to profit from the wage-productivity squeeze of the leading sector. Such sectors are what we are calling semiperipheral countries. If they weren't there, the capitalist system would as rapidly face an *economic* crisis as it would a *political* crisis. (Wallerstein, 1979, 70; emphasis in the original)

In contrast but not necessarily in contradiction to this view, Chase-Dunn (1988, 1990) has recently advanced the thesis that semiperipheries have been exceptionally fertile grounds for antisystemic and transformative action. In his view, this is true of the capitalist world-economy as it has been true of all previous world-systems. The analysis developed in this chapter can be used to reconcile these contrasting emphases and to throw some light on the possible implications of the current crisis of authoritarian rule in the semiperiphery for the future of the capitalist world-economy.

As a first approximation, we may say that over the last half century or so the experience of Southern Europe and Latin America provides evidence in support of Wallerstein's thesis of a prosystemic orientation and function of the semiperiphery, whereas the experience of the USSR and Eastern Europe provides

evidence in support of Chase-Dunn's thesis of an antisystemic orientation and function of the semiperiphery.<sup>14</sup> If the existence of a prosystemic semiperiphery is essential to the stability of the capitalist world-system, what are the implications of the general crisis of prosystemic and antisystemic authoritarian regimes in the semiperiphery? Is this general crisis likely to increase or to decrease the stability of the capitalist world-system?

At the moment, the dominant trend seems to be a propagation to the entire semiperiphery of the prosystemic and stable parliamentary regimes that have been the norm in the organic core since World War II. Over the last fifteen years the Southern European and Latin American semiperiphery has moved with unprecedented determination toward parliamentary democracies without any noticeable change in the prosystemic orientation of its governments. At the same time, the regimes of the Soviet and Eastern European semiperiphery have greatly relaxed their antisystemic orientation and have begun to experiment with various forms of parliamentary democracy.

This trend is an expression of the general crisis of coercive rule in the semiperiphery that, if our previous analysis is correct, has deep structural roots and therefore can be expected to continue into the foreseeable future. Yet this trend is more an expression of the crisis than a solution of the crisis. The eventual outcome of the crisis remains unclear. In particular, it is not clear what will happen to prosystemic parliamentary democracy as it becomes the rule rather than the exception in the semiperiphery.

One possibility is that the semiperiphery will simply follow in the footsteps of the core without introducing any major innovation in the form and substance of parliamentary democracy. This possibility is unlikely. The close association since World War II between prosystemic and stable parliamentary democracies, on the one side, and the oligarchic wealth of the states that have experienced such regimes, on the other, has not been accidental. Abundance of means creates possibilities for mobilizing and reproducing prosystemic consent among the lower classes that are simply not available under conditions of relative or absolute scarcity. Under the conditions of abnormal abundance that characterize and define core positions, the pursuit of power and wealth by the upper classes can be easily reconciled with the pursuit of livelihood by the lower classes. As the historical record shows, it is under these conditions that stable prosystemic parliamentary democracies have prospered, almost regardless of the historical peculiarities of the states and peoples involved. But under the conditions of relative and absolute scarcity typical of the periphery and semiperiphery, such democracies have been the exception rather than the rule.

As already mentioned, among organic semiperipheral states there have been cases of stable prosystemic parliamentary democracies. The most stable have been Ireland, and Costa Rica, followed by Jamaica and Trinidad and Tobago. Among the most recent acquisitions to the prosystemic parliamentary camp, Spain, Greece, and Portugal seem at the moment the most likely to replicate faithfully and lastingly the experience of the core. Elsewhere it is too soon to tell.

Except for Spain, the states just mentioned are all very small. Including Spain, they account for less than 10 percent of the total population of the organic semiperiphery. Given their small individual and aggregate size and, above all, the peculiarities of their geography and history, it has been possible for these states to work out special deals, either with the North American or with the West European core (or both), that have strengthened simultaneously their parliamentary institutions and their prosystemic orientation. However, it is doubtful that deals of this kind can be extended to the majority, let alone to the totality, of semiperipheral states.

All available evidence seems to suggest that large parts of the semiperiphery are likely to be left out of such deals. A new and enlarged Marshall Plan would be required for most of the semiperiphery to be included. However, core states seem neither willing nor capable of such an undertaking. For one thing, they lack the collective will and intelligence that the conception and execution of such a plan require. The crisis of U.S. hegemony has left behind rather ineffectual world agencies whose main preoccupation is the day-to-day, case-by-case management of world monetary resources rather than the use of such resources to promote long-term, large-scale institutional change.

In addition, the current trend toward greater “openness” on the part of the antisystemic semiperiphery can be expected to have a negative effect on the chances of semiperipheral states in general to squeeze advantageous deals out of the core. This trend weakens the predisposition of core states to make special deals with semiperipheral states, because much of that predisposition was previously due to the need to keep at least part of the semiperiphery open to the global activities of core states and enterprises. But even if the predisposition of core states to offer special deals to some semiperipheral states remains unchanged, the increase in the number of states offering special deals to the core reduces what semiperipheral states can, on average, squeeze out of the core. What a few might get, all cannot.

Last but not least, the acute economic competition among core enterprises and states that has followed the full reconstruction of world-market rule—a reconstruction completed in the early 1970s—is inducing core states and enterprises to up the ante in the race to cut costs. Among other things, this has meant a bypassing of the semiperiphery (whose competitiveness has been exhausted anyway by excessive exploitation and self-exploitation) and a search for closer links with select peripheral locales. The recent economic “miracles” of South Korea and Taiwan (their ascent from periphery to semiperiphery) are an expression of this tendency. Far from providing a model for the future of the semiperiphery, these successful transitions to the semiperiphery have aggravated the present troubles of the states that already were in the semiperiphery.<sup>15</sup>

For all these reasons it is highly unlikely that the post-Franco experience of Spain will be replicated by many other semiperipheral states of comparable size. A few Eastern European states may replicate this experience, but for each new Spain the chances are that there are going to be a few more Argentinas—the state

that better than any other epitomizes the political impasse of a structural situation in which neither authoritarian rule nor parliamentary democracy can deliver the goods it promises.<sup>16</sup>

Worse still, for each new Spain and a few more Argentinas, the current trend toward prosystemic parliamentary democracy in the semiperiphery may generate many South Africas and Israels. South Africa and Israel are organic semiperipheral states. Yet neither of them fits into any of the three main groups of organic semiperipheral states identified in the previous section (stable prosystemic parliamentary regimes, prosystemic authoritarian regimes, and antisystemic authoritarian regimes). Rather, they are hybrid regimes combining traits typical of the other three kinds of regime.

Over the last forty years, South Africa and Israel have been stable prosystemic parliamentary regimes, like Ireland and Costa Rica. Nevertheless, particular groups among their subjects (blacks in South Africa and Arabs in Israel) have been excluded from effective participation in the parliamentary process. Toward the groups deprived or excluded from the enjoyment of full political rights, both regimes have used methods of rule as coercive as those used by prosystemic and antisystemic authoritarian regimes.

This use of coercive methods of rule combined with a strong prosystemic orientation has made these regimes resemble the prosystemic authoritarian regimes of the Southern European and Latin American semiperiphery. However, they have differed sharply from these regimes, not just because of the stability of their parliamentary institutions, but because their social base has consisted of a particular ethnonation (the Afrikaner ethnonation in South Africa, the Jewish ethnonation in Israel) rather than of particular fractions of the upper and middle classes.<sup>17</sup>

As a matter of fact, from this point of view the regimes of South Africa and Israel present important analogies with the antisystemic authoritarian regimes of the Soviet and Eastern European semiperiphery. Like the ruling elites of the latter, the ruling elites of the former have been actively engaged in a policy of industrialization aimed at restructuring to their own advantage both social relations within their domains and power relations in the interstate system. In the process, they have considerably improved the life chances of the ethnonations on which their power rests (the life chances of the lower classes of such ethnonations in particular) and have built small but highly effective military-industrial complexes that have turned these states into regional powers of great significance.

Up to the present, this kind of hybrid regime has been an anomaly among organic semiperipheral states. Nevertheless, it is quite possible that the ongoing crisis of the prosystemic and antisystemic authoritarian regimes of the semiperiphery will become a breeding ground of new varieties of extreme ethnonationalist democratic regimes, more or less parliamentary and more or less prosystemic according to circumstances. Unable either to satisfy or to repress popular demands for livelihood and democracy, an increasing number of regimes of the semiperiphery may be tempted to seek a way out of this political impasse by satisfying



these demands selectively on the basis of racial, ethnic, and religious discriminations among their subjects.<sup>18</sup>

To be sure, this kind of "solution" of the crisis of legitimacy faced by semiperipheral authoritarian regimes has its own contradictions. Over time, exploitative and/or exclusionary ethnonationalisms tend to generate countermovements that effectively undermine the power of the dominant ethnonations, as witnessed by the current crisis of both the South African and the Israeli regimes. Nevertheless, as the experience of these regimes shows, the emergence of effective countermovements takes long periods of time during which human hatred and suffering may escalate beyond what is in anyone's power to control.

What kind of world-system will emerge out of this turmoil is hard to say. On the one hand, the escalation of racial, ethnic, and religious animosities in the semiperiphery may link up with and enhance similar trends in the core and periphery. Left unchecked, this tendency may well plunge the world into a situation of systemic chaos worse than that of the first half of the twentieth century. On the other hand, the attempts and struggles to contain and counteract this escalation may create in the semiperiphery new forms of popular democracy capable of laying the foundations of a less exploitative and exclusionary world-system.

What these new forms of democracy will look like, no one can tell. Like all innovations, they will emerge out of a long-drawn-out process of trial and error and will come to seem obvious and "natural" only after their consolidation. All we can say for now is that they will look neither like the "popular democracies" that are being swept away by the general crisis of coercive rule in the semiperiphery nor like the parliamentary democracies of the core that have been built on an abundance of means that cannot be generalized.

## NOTES

In revising the chapter for publication I have benefited from comments and suggestions by Christopher Chase-Dunn, Walter L. Goldfrank, Terence K. Hopkins, William G. Martin, Gonzalo Santos, Beverly J. Silver, and Immanuel Wallerstein.

1. This characterization sums up the stated and unstated premises of most studies that have made use of the concepts of core, periphery, and semiperiphery. Very few of these studies have actually attempted to identify core, peripheral, and semiperipheral states on the basis of their positions in trade networks. Notable exceptions are Snyder and Kick (1979), Nemeth and Smith (1985), and Smith and White (1989).

2. On the distinction between peripheralization through the mobility of capital (or transfer of surplus) peripheralization through the mobility of goods (or unequal exchange), and peripheralization through the mobility of labor (or direct surplus extraction), see Arrighi and Piselli (1987, 687-97). These authors show that each mechanism of peripheralization is associated with a particular kind of social structure and social conflict.

3. See Arrighi and Drangel (1986) for sources and arguments supporting this claim. To simplify matters and make exposition easier, I posit here that "states" rather than capitalist enterprises are the key actors in processes of capital accumulation. For the purposes

at hand this simplification is legitimate because it does not affect significantly the conclusions of the analysis. Moreover, the assumption that states are the key actors in processes of capital accumulation is relaxed in the sections on "The Politics of Semiperipheral Development" and "The Semiperiphery and the Future of the World-Economy," which focus on the class and ethnic structure of states.

4. As Wallerstein remarks (1979, 76), developmental ideology is merely the global version of R. H. Tawney's Tadpole Philosophy: "It is possible that intelligent tadpoles reconcile themselves to the inconveniences of their position, by reflecting that, though most of them will live and die as tadpoles and nothing more, the more fortunate of the species will one day shed their tails, distend their mouths and stomachs, hop nimbly on to dry land, and croak addresses to their former friends on the virtues by means of which tadpoles of character and capacity can rise to be frogs. This conception of society may be described, perhaps, as the Tadpole Philosophy, since the consolation which it offers for social evils consists in the statement that exceptional individuals can succeed in evading them. . . . And what a view of human life such an attitude implies! As though opportunities for talents to rise could be equalized in a society where circumstances surrounding it from birth are themselves unequal! As though, if they could, it were natural and proper that the position of the mass of mankind should permanently be such that they can attain civilization only by escaping from it! As though the noblest use of exceptional powers were to scramble to shore, undeterred by the thought of drowning companions!" (Tawney as quoted in Wallerstein 1979, 101).

5. Since the use of GNP per capita to identify the position of states in the core-periphery structure of the world-economy has been widely questioned (among others by Chase-Dunn 1989; Smith and White 1989; Glenday 1989), two clarifications on its use by Arrighi and Drangel are in order. First, they use GNP per capita only as a measurement of relative economic command over world resources by the residents of different political jurisdictions. That is to say, they try to measure the command exercised by the residents of a given jurisdiction over the resources owned by the residents of all other jurisdictions, relative to the command exercised by the latter over the resources owned by the former. No significance is accordingly attached to the GNP per capita of a state except in relation to all the GNPs per capita of the other states in the system, each GNP being assigned a weight corresponding to its share of world population.

Second, relative economic command in this sense is used to assess the position of a state in the core-periphery structure of the world-economy only through multiple observations covering as long a period of time as allowed by the availability of data. The different zones (or layers) of the world-economy are defined by the distribution of world population by GNP per capita at particular points in time. But a state is defined as an organic member of a given zone only if it appears to have been positioned in a given zone for the entire forty-five-year period covered by the analysis. The rationale of this procedure is that only over time can relative GNP per capita be taken to measure "wealth" rather than "income."

6. For some reason, which would be interesting to investigate, Libya has the power of arousing strong emotions, not just among politicians, but among social scientists as well. The fact that according to Arrighi and Drangel (1986, 44), Libya rose to core position in the 1970s has been considered by many as sufficient reason for dismissing as invalid their entire methodology. An Italian journal turned down the article apparently for this reason alone. Glenday states squarely that he is "skeptical of a methodology that would lead one to include Libya in the core while relegating the U.S.S.R. to the semiperiphery"

(1989, 212). In a more serious but similar vein, Chase-Dunn (1989, 209) has stated that “[the] fact that Arrighi and Drangel . . . claim that Libya has moved into the core (based on their use of GNP per capita as a measure of core status) reveals the weakness of their identification of core activity with short-run returns based on any kind of activity. Libya sits on a fortune in oil but, by any other measure besides GNP per capita, Libya is clearly not a core state.”

Since the position assigned to Libya seems to be the ultimate test of the validity of the Arrighi and Drangel analysis, I shall quote at length from a letter that I wrote on May 20, 1987, to Chase-Dunn in response to his criticism.

Let me point out first of all that we do not include Libya (or for that matter Italy or Japan) among the *organic* members of the core zone. Personally, I have serious doubts that it will ever become one, just as I am certain that Japan already has. (I have no strong views on Italy one way or another). . . . However, if by any chance Libya’s GNP per capita of the 1990’s or of the 2000’s will still place Libya within the core zone, I see no reason for not including it among the organic members of the core zone, regardless of the way in which its core position was conquered initially and reproduced subsequently.

Your assertion that at the moment Libya is where it is in the GNP per capita ranking because it sits on an oil well is indisputable. Yet, I cannot help but ask, “so what?” Of the ten states defined in our article as organic members of the core (p. 69), at least four (Australia, Canada, New Zealand and the U.S.A.) and possibly another two (Norway and Sweden) originally entered the core zone thanks (among other things) to the fact that they were “sitting” on an extremely favorable endowment of material resources per head of population. At the same time, there are at least as many states (Argentina, Russia, South Africa and Brazil being only the most obvious instances) that at one point or another of their history had an equally favorable endowment but never became temporary, let alone organic, members of the core zone. In short, “sitting” on particular resources (or on particular locations) is neither a necessary nor a sufficient condition for stable membership of the core zone.

In order to stabilize its present core position, Libya must meet a whole series of requirements which only in part depend on the “will and intelligence” of its political and economic entrepreneurs. To be skeptical about the chances of such stabilization means to be skeptical about the power of this “will and intelligence” in relation to systemic forces beyond the control of Libya’s entrepreneurs. Only time can tell whether this skepticism is well founded. In the meantime, the more or less temporary core position of Libya is very real and is measured adequately by its GNP per capita. For Libyan residents have a command over world-economic resources which is equal to that of other members of the core zone (organic or not). This command has been exercised not only through imports of commodities but also through the acquisition of foreign labor power for use/exploitation within Libya and of claims over the profits of core enterprises (e.g., Fiat). The command has definitely been there. The particular way in which it has been (is being) used is a different matter and one of the reasons why I think that the chances of Libya to become an organic member of the core zone are slim. To this I have only to add that the latest *World Development Report* (World Bank 1989, reporting GNP per capita for 1987) gives figures for Libya’s GNP per capita that put it back in the semiperiphery, as anticipated by the skepticism expressed in the letter.

7. The exact procedure followed in classifying states in these three categories is detailed in Appendix III of the Arrighi and Drangel article, which also gives a complete list of the organic members of the three zones (1986, 65–71).

8. This finding shows the serious limitations of Robert W. Jackman’s empirical test of what he calls the Matthew Effect (from Matthew 13:12, “For whosoever hath, to him shall be given, and he shall have more abundance: but whosoever hath not, from him shall be taken away even that he hath”). By regressing average annual growth rates in per capita GNP, 1960 to 1978, on per capita GNP, 1960, he finds that “there is little evidence of the commonly-argued Matthew effect where the core has experienced higher rates of growth

than the periphery.” Instead, his estimates “suggest a modified Matthew effect *within* Third World countries, such that the initially wealthiest of these have grown more rapidly than the West which, in turn, has grown faster than the poorest countries of the Third World. It is important to remember, however, that even this modified Matthew effect is not a strong one” (Jackman 1982, 193–95). As can be seen from Figure 2.2 in the text, Jackman’s findings concern a period (1960–1978) in which the organic semiperiphery (and, hence, the wealthier Third World countries) performed exceptionally well relative to both the organic core and the organic periphery. But Figure 2.2 also shows that if we were to extend Jackman’s analysis beyond 1980, we would probably find strong support for the hypothesis of a Matthew effect not just between the wealthy and the poor but also between the superwealthy and the moderately wealthy.

9. In this and in the next section I shall focus on the twenty-one states that Arrighi and Drangel identify as organic members of the semiperiphery. To these I add Poland, which was excluded from their analysis, with four other Eastern European states (German Democratic Republic, Czechoslovakia, Bulgaria, and Albania), for lack of reliable data. The data that we do have suggest that Poland has almost certainly been an organic member of the semiperiphery like Hungary, the USSR, and Romania. The German Democratic Republic and Czechoslovakia have probably been “precarious” members of the core and Bulgaria and Albania either “precarious” members of the semiperiphery or more or less upwardly mobile members of the periphery.

By “precarious” members of the core (semiperiphery) I mean states that were in the core (semiperiphery) at the beginning and at the end of the period 1938–1983 but were temporarily demoted to semiperipheral (peripheral) status somewhere in the middle of the period. The most important precarious semiperipheral states have been Algeria, Brazil, Colombia, Iran, Iraq, Malaysia, Nicaragua, and Syria. These states, together with upwardly mobile semiperipheral states, are excluded from consideration in this and in the next section because my purpose is to construct a preliminary typology of semiperipheral political regimes controlling for stability in the hierarchy of wealth of the world economy. Future research should verify whether and how this typology can be usefully extended to include precarious and upwardly mobile semiperipheral states.

10. This statement is consistent with the widely observed “inverted U-curve” that describes the relationship between levels of “economic development” and income inequality (see Bornschier and Chase-Dunn 1985; Kuznets 1963; Nolan 1983; Weede 1980).

11. The historical preference of core enterprises for the semiperiphery over the periphery (once the latter had been decolonized) as production site and source of labor, notwithstanding the lower wages of the periphery, has been due to several reasons. Some are purely geographical: most semiperipheral states happen to be closer to core regions than peripheral states. Some are cultural: most semiperipheral states happen to be civilizationally closer to core states than most peripheral states. Some are strictly economic: the domestic markets (including the labor markets) of most semiperipheral states are more developed than those of most peripheral states. As we shall see, however, all these comparative advantages of the semiperiphery vis-à-vis the periphery are subject to erosion through extensive use and become less important with the intensification of competitive pressures on core enterprises to cut labor costs.

12. The rapid succession of “crises in dictatorship” in Southern Europe (Greece, Portugal, Spain) can be taken as the watershed between the “authoritarian” and the “democratic” phases of prosystemic semiperipheral development.

13. The much greater power and stability of the authoritarian regimes of the antisystemic semiperiphery in comparison with the authoritarian regimes of the prosystemic semiperiphery have not received the careful attention that they deserve. Most current discussions of the "failure of communism" implicitly assume that the relevant comparison in assessing "success" and "failure" is between the economic performance of the antisystemic semiperiphery and that of the core (when they do not assume, more crudely, that the size, geography, and history of states matter little in determining their "life-chances" in the capitalist world-economy). This implicit assumption does not take into account the long-term stability of the core-periphery structure of the world-economy and the practical and theoretical impossibility of large-scale replicas of the historical experience of the core.

A less biased comparison would be between the experiences of the antisystemic and prosystemic semiperipheries as regions of the world-economy of comparable size, population, and natural resources. This comparison would probably reveal that these two regions of the world-economy, each taken in its totality, have fared equally well in keeping ahead of the poverty of the periphery and equally badly in catching up with the wealth of the core. In the aggregate, that is to say, "closure" or "openness" probably made little or no difference in advancing or retarding the relative economic command of the semiperiphery in the world-economy.

Nevertheless, it is difficult to deny that "closure" has made a big difference in promoting the power of semiperipheral states in the world-system and social justice within semiperipheral states. Recent setbacks notwithstanding, the increase in the relative capabilities of the antisystemic semiperiphery to shape and influence world politics, on the one side, and the equalization of life-chances among classes and ethnic groups within its territories, on the other, have been incomparably greater than that of the prosystemic semiperiphery. As argued in the text, the crisis of authoritarian rule in the antisystemic semiperiphery must in fact be interpreted as the joint result of its failure to catch up with the standards of wealth of the core and of its successes in restructuring world politics and national societies.

14. Wallerstein's thesis, however, must be reformulated to take into account the social polarization typical of unreformed semiperipheries. The main reason why the semiperiphery or parts thereof show a prosystemic orientation and perform prosystemic functions is not the "optical illusion" whereby semiperipheral states tend to see themselves primarily as better off than peripheral states rather than worse off than core states, as suggested by Wallerstein (1979, 69). This illusion may have played a role in the reproduction of core hegemony over some semiperipheral states some of the time. But it is doubtful that many states could have been fooled in this way for long periods of time unless those who controlled the coercive and ideological apparatuses of these states had some real prosystemic interest.

According to our previous analysis, this real prosystemic interest has been the possibility afforded by the capitalist world-system to particular fractions of the upper and middle classes of the semiperiphery to enjoy standards of wealth that compare very favorably with those of their counterparts in the core. This possibility is not an illusion but a very real privilege that its actual or potential beneficiaries have always tried to protect from the antisystemic predispositions of the lower classes with whatever mix of coercion, corruption, fraud, and consent could be mobilized effectively for the purpose. However, the mobilization of prosystemic consent among the lower classes has always been problematic on account of their mass poverty, which, as noted, has often resembled or even exceeded

that of their counterparts in the periphery. As a consequence, the typical mode of rule of prosystemic semiperipheral states up to the recent crisis of coercive rule has consisted primarily of a mix of coercion, fraud, and corruption and has been substantively oligarchic even when it has taken a parliamentary form (see Mouzelis 1986).

15. On the geopolitical and historical specificities of the South Korean and Taiwanese "miracles," see Cumings (1984, 1989). Besides these specificities, we should bear in mind that the competitiveness of South Korea and Taiwan has been a significant factor in the "realization" crisis of the industrialization efforts of the organic members of the semiperiphery. When these efforts were first undertaken in the 1960s and early 1970s, it was generally expected that future exports to core markets would provide the hard currencies necessary to pay back the debts incurred to step up industrialization. An important reason why these expectations are not being realized is that the actual or prospective exports of the organic members of the semiperiphery have been "crowded out" of core markets by the exports of upwardly mobile former peripheral states, of which South Korea and Taiwan are the two most prominent and successful examples. Organic semiperipheral states have thus been stranded with obsolete industrial apparatuses and debts in hard currencies on top of them.

16. Argentina has been the "leader" among the organic members of the prosystemic semiperiphery in processes of proletarianization and industrialization. If the thesis that for each new Spain there will be a few more Argentinas holds true, Peronism may be more relevant than social democracy for the future of the semiperiphery.

17. This difference between South Africa and Israel, on the one side, and other semiperipheral states, on the other, should not be exaggerated. Many prosystemic (and some antisystemic) regimes of the semiperiphery have relied heavily in the past, and still do, on particular ethnic groups as the central base of their rule. Particularly significant in this respect has been the success met by ethnicities of European extraction in monopolizing the wealth and power of many Latin American states at the expense of large ethnic groups of Amerindian and African extraction. The main difference between these states, on the one side, and South Africa and Israel, on the other, is that discrimination in favor of or against particular ethnic groups is sanctioned and enforced through market mechanisms rather than through more visible instruments of rule.

18. For an important case study of the rise of ethnonationalism from the ashes of an authoritarian antisystemic regime (Yugoslavia), see Magas (1989). The trend has begun to be noticed with some preoccupation by core media. An editorial of the *New York Times* (June 25, 1989, 26E), entitled "Perilous Tribalism in the Balkans," mentions ethnic tensions and conflicts in Bulgaria, Romania, Poland, Yugoslavia, the USSR, Turkey, Northern Ireland, and Spain and goes on to warn about what might lie ahead: "As superpower recedes, nationalism rises. As the Soviet empire unravels, nationalist rivalries resurface, sometimes angrily. . . . The unstable mix of national chauvinism and international hate has fueled much conflict and can again. The cold war is over, but war can erupt just as surely from tribal chaos as from superpower confrontation."

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