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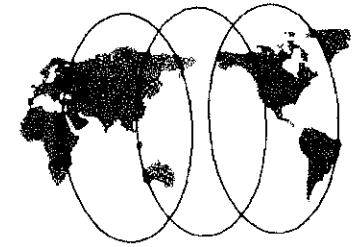
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Immanuel Wallerstein

*Fernand Braudel Center for the Study of Economies, Historical Systems,
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*Explorations in the World-Economy:
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Volume 5*

**SEMIPERIPHERAL
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***The Politics of
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in the
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***FASCISM TO
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Logic and Limits of a Transition***

Giovanni Arrighi

Southern Europe as Semiperiphery

As often happens, a concept introduced to solve a problem has itself become the main problem. In the course of the two colloquia, the applicability of the concept of semiperiphery to Southern European countries has largely lost its initial reference to the issue of the transition of Southern Europe from fascism to socialism. It has displaced this issue and become itself the main object of discussion. In this concluding chapter I shall try to redress the balance by relating the main issues raised in the two colloquia to the premises and hypotheses of the original project briefly summarized in my introduction to this volume.

In my view, much of the controversy over which Southern European states have been or are semiperipheral has arisen because of a lack of operational criteria for identifying semiperipheral states. Wallerstein's criteria as set out in his contribution to this volume are rather vague and formal. They are vague mainly because we are not told what weight to assign to the mix of economic activities that fall within a state's boundaries, on the one hand, and to its position in the interstate system, on the other. They are formal mainly because we are not told, substantively, which activities in the various commodity chains are core-like and which are periphery-like, how the two types of activity have changed over time, above all, how peripherality, semiperipherality, and coreness can be operationally measured.

As a result, the semiperipheral zone expands and contracts according to the particular combination of criteria used to define it. At one

AUTHOR'S NOTE: In rewriting this paper for publication, I have greatly benefited from the comments and criticisms of Bill Martin and Beverly Silver and the members of the Semiperiphery Research Working Group of the Fernand Braudel Center.

extreme, the use of an ill-defined combination of criteria (which presumably includes the position of a state in the interstate system and the mix of economic activities falling within its boundaries) has led Wallerstein in an earlier writing to identify as semiperipheral a vast number of states as diverse as Canada and India, altogether accounting for something in the order of two-thirds of world population.¹ At another extreme, the use of more restrictive but equally vague standards can just as easily dissolve the semiperipheral zone. This is what would happen with reference to Southern Europe if we combined Papadantonakis's downgrading of Portugal, Greece, and Turkey to peripheral status with Lange's upgrading of Italy to the "perimeter of the core" and Logan's remark that the same should be done in the case of Spain.

In order to avoid this kind of semantic impasse, we need a standard of semiperipherality that, while reflecting as closely as possible the meaning (i.e., the purpose) of the concept of semiperiphery, allows us to classify states in the three zones of the world-economy as unambiguously as possible. It seems to me that GNP per capita is such a standard, since it is highly operational, and it is bound to reflect the degree of semiperipherality as defined by Wallerstein.

Wallerstein assumes the world-economy to be structured in core-peripheral activities linked by commodity chains that cut across state boundaries. Core activities are those that command a large share of the total surplus produced within a commodity chain, and peripheral activities are those that command little or no such surplus.

All states enclose within their boundaries both core and peripheral activities. Some (core states) enclose predominantly core activities, and some (peripheral states) enclose predominantly peripheral activities. As a consequence, residents of the former must command a large share of the total surplus produced in the world-economy while residents of the latter must command little or no such surplus. And this difference must be reflected in a large and growing differential between the per capita GNP of the residents of the two types of states. Since semiperipheral states are defined as those that enclose within their territorial boundaries a more or less even mix of core-peripheral activities, their residents must command a more or less average share of the total surplus produced in the world-economy—a command that must be reflected in "intermediate" per capita incomes.

This measurement of semiperipherality does not in itself settle the issue of the boundaries of the semiperipheral zone, and this is presumably the reason Lange discards it. What is an intermediate level of per capita GNP? At which level of per capita GNP shall we set the lower and upper boundaries of the semiperipheral zone? Fortunately,

Wallerstein's conceptualization of the semiperiphery provides us with a clue to answering these questions. According to this conceptualization, the semiperiphery is neither a residual category nor a transitional stage. It would be a residual category if, as in the more extreme formulations of dependency theory, the tendency towards core-periphery polarization was overwhelming and not subject to systemic countertendencies. If that was the case, all intermediate zones would ultimately be pulled in one direction or the other of the core-periphery polarity, producing a bi-modal distribution of states along some measurement of the core-periphery spectrum.

The semiperiphery would represent a transitional stage if we conceived of the world-economy as consisting of states at different stages of development, from backwardness to modernity. In this case, until all countries had completed the transition, some states would always be between positions. This pattern would tend to produce a uni-modal distribution of states along some measurement of the backward-modern spectrum with the mode progressively shifting from backwardness to modernity. In addition, we would expect to find in the in-between/transitional position only states that were previously at the backward end of the spectrum.

In contrast to these views, Wallerstein maintains that the semiperiphery is a stable and permanent feature of the world-system and that it can be clearly marked out from core and peripheral positions. That is to say, the increasing polarization between core and periphery does not produce a bi-modal but a tri-modal distribution of states along the core-periphery spectrum. Moreover, the states that happen to occupy the intermediate position at any particular point in time are not necessarily or even normally states "on their way" from backwardness/periphery to modernity/coreness. On the contrary, some states may have been downgraded from core position and many may have been in the semiperipheral position from the early stages of their incorporation in the world-economy.

It follows that, if Wallerstein is right, we should be able to set the boundaries of the semiperiphery simply by inspecting the distribution of states (presumably weighed by their population) according to their per capita GNP. This distribution should be characterized by three clearly identifiable modes, each corresponding to one of the three zones of the world-economy. According to the latest data provided by the World Bank (1983: 148-49), Wallerstein's conceptualization passes this simple test. Leaving aside states with less than 1 million inhabitants, we can re-classify all other states in five classes of per capita GNP and obtain a clear tri-modal distribution of both the number of states and the proportion of world population accounted for by the states in each class.

TABLE 10.1

Class	GNP per Capita, 1981 (in dollars)	Number of States	Percentage of World Population
I	less than 800	50	58
I/II	800 - 1,500	19	5
II	1,500 - 4,500	31	20
II/III	4,500 - 9,000	10	3
III	more than 9,000	19	14

As can be seen from Table 10.1, states (and even more the distribution of world population by group of states) seem to cluster in three classes of per capita income separated by two relatively empty classes.² This tri-modal distribution clearly marks out class II (states with per capita GNP in 1981 of \$1,500-\$4,500) as an intermediate, semiperipheral zone of the world-economy.

Lack of time and space prevents me from checking the existence of an analogous distribution in earlier periods, for which, moreover, comparable data are not readily available. However, judging from the rates of growth of per capita GNP also provided by the World Bank (1983), it would seem that, as we should expect from Wallerstein's conceptualization, the gap between classes I (periphery) and III (core) has widened, but the position of class II (semiperiphery) in relation to the core has not significantly changed over the period 1960-81. Moreover, most states in class II in 1981 were already there in 1960, and of all the states that presumably were in class II in 1960, only two or three (Hong Kong, Singapore, and possibly Spain) moved into class II/III and only one (Japan) into class III.

I shall presently return to the issue of the long-run stability of the semiperipheral zone with reference to the states with which I am most directly concerned in this chapter. First, however, let us see where Southern European states fit in the above classification. Interestingly enough, this classification provides some justification both for Wallerstein's presupposition that these states occupy a somewhat semiperipheral position in the world-economy and for those who have emphasized the differences among the positions of Southern European states. For, while none of the states in question falls into the peripheral or core zones (classes I and III), their positions are spread out quite widely within and across the intermediate zones.

Only three of the five states fall into the unambiguously semiperipheral zone (class II), but one (Turkey) is close to its lower (\$1,500) boundary; one (Greece) is close to its upper (\$4,500) boundary, while

only Portugal with a GNP per capita of approximately \$2,500 is relatively close to the median. The other two states (Spain with GNP per capita of \$5,640 and Italy with GNP of \$6,940) fall into the "no man's land" that separates the unambiguously semiperipheral from the unambiguously core states (class II/III). Lange's view that Italy belongs to some special category at the perimeter of the core thus seems to be well grounded, and so does Logan's view that Spain's position is somewhat analogous to that of Italy.

We may indeed choose to adopt Lange's terminology and name class II/III the "perimeter of the core" (and, by analogy, class I/II the "perimeter of the periphery"). If we do so, however, it is important to realize that there are some important differences between the perimeter of the core as defined by Lange and as redefined here.

For one thing, redefined as the no man's land that separates the unambiguously semiperipheral from the unambiguously core states, the perimeter of the core is not a line demarcating two zones but is itself a zone—a relatively empty but quite wide zone. Indeed, the two perimeter zones may even be subject to a progressive widening consequent upon core-periphery polarization. But whether they widen or not, the crossing of the perimeters by individual countries to move from periphery to semiperiphery and from semiperiphery to core is bound to involve a long period of time—decades rather than years. And it is in terms of such long periods that transitions from one zone to another have to be assessed.

This brings us to the second, and more important, difference with Lange's conceptualization. Lange's definition of the perimeter of the core has a temporal dimension that is altogether absent in the present redefinition:

[The] meaning of "perimeter of the core" should be clear. What is intended is that the country in question is *newly arrived* in the core and thus is in the throes of the adjustment process we have outlined. The concept is meant, therefore, to capture the difference between a consolidated position in the world-economy and the processes of transition from one position to another, processes that begin when the country is in the semiperiphery but continue after it has structurally already entered the core (this volume, Ch. 8).

In contrast, the perimeter of the core as redefined here is not structurally part of the core (being a zone in itself) and has nothing to do with how long a country has occupied that position.

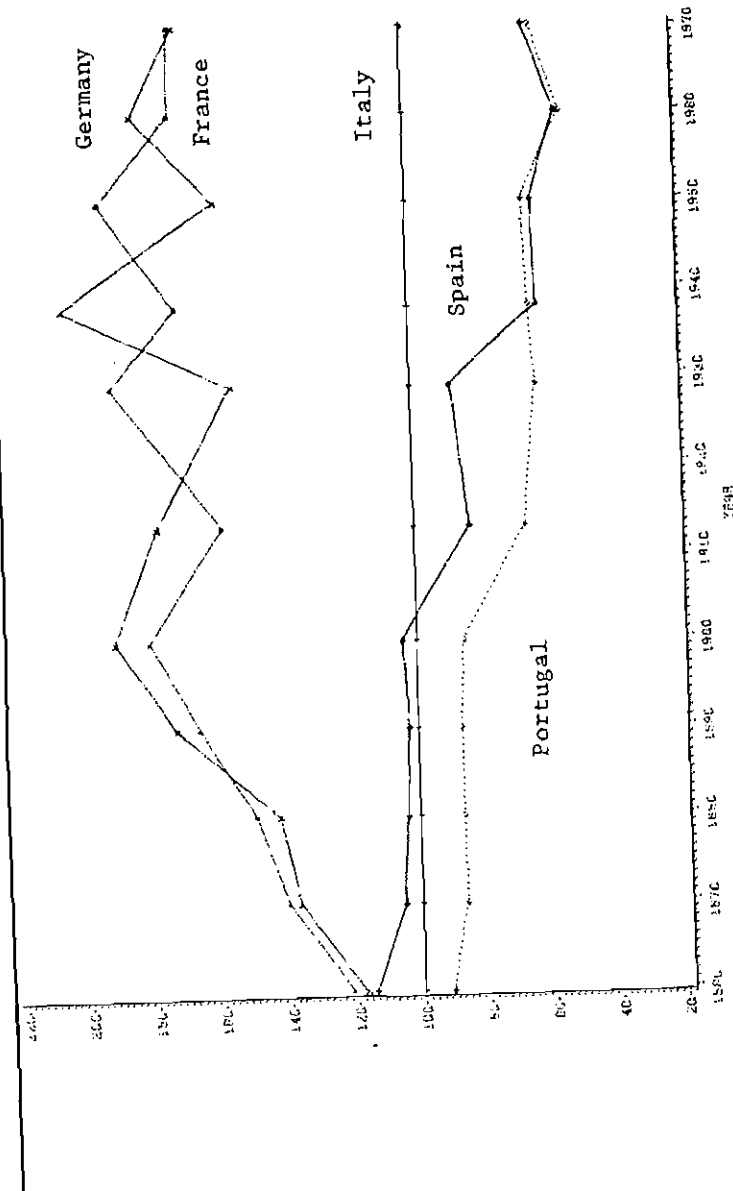
From this latter point of view, it is interesting to notice that Italy has been struggling to attain an unambiguously core position for almost a

century. Aymard defines it a "borderline case" with reference to the late nineteenth century and early twentieth century. Ránki claims that it was at the perimeter of the core already at the end of the First World War. Lange maintains that it attained that position in the 1960's, and Tarrow that it did so sometime in the late 1970's and early 1980's. The only way of squaring these partly contradictory claims is to acknowledge the existence of a no man's land between the core and semiperipheral zones, which Italy entered shortly after its incorporation as a nation-state, and where, with ups and downs, it has remained to the present.

To demonstrate this, we would need the kind of statistical investigation on the boundaries of the various zones of the world-economy over long periods of time for which data are not readily available. However, Bairoch's (1976) estimates of per capita GNP of European countries provides *prima facie* evidence for the validity of the above contention. An elaboration of these estimates has been plotted in Figure 10.1, which shows the position of Italy (its per capita GNP at each point in time made equal to 100) vis-à-vis West Germany and France, on the one hand, and Spain and Portugal, on the other, over the period 1860-1970.³

West Germany and France have been chosen as a standard of coreness because of the relative stability of their position throughout this century as compared, say, with that of the U.K. or Japan. According to the chart, during the first 40 years as a nation-state, Italy (together with Spain and Portugal) experienced strong polarizing tendencies that greatly increased the gap between its per capita GNP and that of France and Germany. Then followed a decade and half during which Italy simultaneously distanced itself from both Spain and Portugal and clearly reversed the peripheralizing tendencies vis-à-vis France and Germany. It is in this period (as suggested by Aymard and Ránki) that Italy probably entered the perimeter of the core as defined above. Ever since, however, Italy's relative position vis-à-vis unambiguously core states like France and Germany and unambiguously semiperipheral states like Portugal seems to have remained roughly the same.

This image of a relatively static structural position in the world-economy may seem to be contradicted by the radical transformations of social and economic structures experienced by Italy, particularly since the late 1950's. It is undoubtedly a focus on this kind of transformation that has led Lange to speak of transition to core position and Tarrow of transition to maturity. Structural transformations at the national level, however, are not necessarily an indication of movements from one zone of the world-economy to another. They may simply be an indication of changes in the mix of activities that characterizes each zone. According to World Bank (1983) data, for example, between 1960 and 1981 the



SOURCE: Bairoch (1976).

Figure 10.1 GNP per Capita (Italy = 100)

widening gap in GNP per capita between low-income economies and industrial market economies (two categories that largely overlap with our classes I and III) has been matched by a narrowing of the gap in the degree of industrialization, as witnessed by the fact that the proportion of GDP accounted for by manufacturing increased in the former from 11% to 16% and fell in the latter from 30% to 25 percent.

This growing polarization in per capita incomes matched by peripheral industrialization and core de-industrialization shows that in the period under consideration industrialization has not in itself been a symptom of a state's movement towards core position. On the contrary, it could very well be a symptom of the downgrading of industrial activities (or some of them) to peripheral status. This is simply an illustration of the fact that what appears as "development" at the national level may be part and parcel of the reproduction of a core-periphery dichotomy at the global level.

It follows that a semiperipheral position in the world-economy is never static. As some activities are downgraded to peripheral status and others are upgraded to core status, the mix of activities that characterizes the semiperipheral zone tends to change more or less continuously, thereby altering the economic and social configurations of the national locales that constitute the zone. These transformations may indeed be of greater significance than the unchanging structural positions in the world-economy of the states that experience them. Whether one or the other is more significant, however, depends entirely on the problem at hand.

Patterns of Political-Economic Convergence in the Interwar Period

As stated in the Introduction, the problem at hand is twofold. We want to explicate (1) how and why in the course of the current and previous great depressions Southern European states tended to converge towards analogous political-economic patterns; and (2) how and why the pattern that has become dominant in the late 1970's and early 1980's (socialism) is quite different from the one that became dominant in the 1920's and 1930's (fascism).

In this section I shall deal with patterns of convergence in the interwar years, focusing on Italy and Portugal. Both of these countries pioneered a fascist model of political-economic regulation at roughly the same time, but developed quite different versions of that model. Because of the analogies and differences between the two experiences, a comparative analysis of Italy and Portugal provides important insights into factors that both promoted convergence in Southern Europe and

limited that convergence. Having identified these factors, I shall proceed in the next section to analyze the postwar transformation.

The differences between the Italian and Portuguese models of fascism are so marked that in the relevant literature the latter is often denied the label "fascist." In my view, however, the two models have sufficient common elements to warrant their definition as versions of the same model: the developmentalist Italian version and the anti-developmentalistic Portuguese version.

In their ideological form both versions emphasized and aimed at internal "social harmony," expressed and sustained by a strong corporatist state. Market rule, liberal democracy, and class conflict, in contrast, were seen as disruptive influences on the nation's internal cohesion and internal power.

External power and internal cohesion were seen as closely interrelated in both versions. However, the different histories and positions of the two countries in the interstate system were matched by opposite attitudes towards the distribution of power in such a system. Italian fascism theorized and aimed at a fundamental redistribution of world power (as reflected in control over world territory and population) in favor of the late-comer, have-not, rising nations. In contrast, Portuguese fascism emphasized "Lusitanian integralism," the preservation and forging into a cohesive unit of territories and populations of an early and declining colonial power. This ideological difference, as we shall presently see, led to the developmentalist and anti-developmentalistic bents of the two models of fascism. At the same time, their common ideological elements were reflected in similar economic policies in many spheres: strong currency, protectionism/mercantilism, labor-repressive corporatism, and direct state regulation of developmental processes.

A strong currency was seen almost as an end in itself, particularly by Salazar. It was not only seen as a symbol and a means of state power in the world-economy (i.e., of its command over world-economic resources) but also as a symbol and a means of social harmony/control at home through the containment of inflationary pressures. Protectionism and mercantilism were partly a support and partly a corollary of an overvalued currency. They were also meant to sustain domestic production and employment in order to facilitate social harmony/control, and to strengthen the internal linkages between economic processes at the expense of external linkages. From this point of view, Italian fascism emphasized national self-sufficiency particularly in strategic goods while Portuguese fascism emphasized closer links with the colonies.

The repression of labor's representative organizations (accompanied by widespread restrictions on the sectoral and geographical mobility of labor, except for migration to the colonies, which was encouraged) was of course part and parcel of the fascist ideology of a corporatist order. It was also a necessary complement of the above policies, since only direct state regulation and repression could simultaneously maintain industrial peace, full-employment, and wages low enough to allow for accumulation in an inefficient economy (stagnant productivity in Portugal, inefficient intersectoral allocation of resources in Italy).

The responsibilities of the fascist state were not exhausted by its role in regulating exchange rates, competition across national boundaries, and labor-capital relations within national boundaries. In Portugal an elaborate system of state bureaucratic control was introduced over the very process of accumulation: the *Lei de Condicionamento Industrial* required authorization by the state prior to setting up or relocating industrial plants. In addition, investment in machinery and equipment designed to increase industrial capacity also required government approval (Baklanoff, 1979: 800).

As Stuart Holland points out, "The Salazar regime responded to the lack of a modern industrial structure by what amounted to an example of State monopoly capitalism" (1982: 142). What is important to realize, however, is that this type of state monopoly capitalism had not only suppressed market regulation, it also had no drive towards capitalist accumulation proper. Indeed, it was largely a system aimed at further dampening, while regulating, whatever spontaneous capitalist drive towards innovative accumulation there was in Portugal.

Salazar's anti-modernist philosophy was closely matched by his economic policies: regular surpluses in the government budget (used mainly for investment in the least dynamic sectors of the economy) and unproductive accumulation of gold and foreign exchange reserves. As Richard Pattee remarks,

Salazar has never promised anything but hard work, rectitude, tenacity, and the kind of daily homework in economics that he imposed on his students at Coimbra. Salazar is first and foremost an extremely competent housekeeper and he has conceived of Portugal as a menage which was in dire need of being put in order lest it fall apart (quoted in Baklanoff, 1979).

The thrust of Italian fascism was quite different. Hard work and social harmony were not ends in themselves but means towards the aggrandizement of the nation. This emphasis imparted to Italian

fascism its developmentalist bias.⁴ Italian fascists made no assumption that levels of accumulation necessary for the aggrandizement of the nation would spontaneously follow once a strong currency, protection from foreign competition, low wages, and industrial peace were guaranteed. On the contrary, the centrality of the state was further rationalized on account of Italy's alleged status as a relatively underdeveloped nation characterized by a poverty of natural resources and heavy overpopulation, subsisting marginally in the contemporary world on the sufferance of capitalist powers.

In a world divided into have and have-not nations, it was maintained, the modernization and development of the latter required a strong state capable of competing with the former in the world arena for resources, markets, and space. Such a strong state could only be the result of modernization and development themselves. Underdevelopment, however, meant that the national bourgeoisie—weak, dispirited, and ineffectual—could not be relied upon to generate and sustain accumulation at the rate necessary to break out of this vicious circle. The intercession of dedicated revolutionary elites capable of mobilizing, ideologically and organizationally, all the productive forces of the nation was required. The fascist state, in other words, was not only supposed to replace the market in directly regulating key economic processes, as in the Portuguese model. It was also supposed to spur and supplement the capitalist "animal spirits" of the bourgeoisie when they were wanting.

At first, the regime concentrated on creating a favorable climate for rapid capitalist accumulation. Through repressive labor policies that fully restored industrial peace and a series of fiscal and institutional measures favoring private saving and investment, the regime succeeded in raising dramatically the rate of saving and accumulation. By 1925, however, expansion already came up against a balance of payments constraint aggravated by large imports of grain and industrial raw materials. The crisis signaled the beginning of a mobilization effort towards self-sufficiency and a "command economy." Strikes and lockouts were banned, employers and employees were organized in corporate institutions, and the liquidation of parliamentary rule was completed.

Beginning with 1926, the entire propaganda machinery of the fascist state was invoked to increase productivity in agriculture. The "battle for grain," as this mobilization was called, was matched on the financial and industrial front by the "battle for the lira." The issue of the stabilization of the exchange rate of the Italian lira at 90 to 1 British pound (after it had fallen from 117.50 in January 1925 to 153.70 in the summer of 1926)

afforded fascism the opportunity to establish state control over the economy in the face of the opposition or passivity of the traditional industrial and financial elites.

To protect an overvalued lira, an elaborate system of controls over foreign imports and tariff protection was erected around home industries. With protection, economies of scale, and more centralized coordination of investment plans, the chemical, textile, metallurgical, and mechanical industries experienced rationalization and growth oriented towards the internal market. The process was further sustained by heavy state intervention in the expansion of the hydroelectric industry and of the telecommunication and transport infrastructure, and in the creation of special parastatal agencies (AGIP in 1926; SAFNI in 1927) that would undertake the research, discovery, and exploitation of the economically marginal natural resources of the country.

Before the world economic crisis of 1929 and its attendant dislocations, fascism had thus already begun to articulate the policies of the "closed industrial state." As Gregor observes, "Italy had commenced its withdrawal from the world market and the fascists had extended controls over the internal market that were to create an autarchic economic system" (1979: 148). The world economic collapse of the 1930's greatly intensified the process. In 1931 the Istituto Mobiliare Italiano (IMI) was founded to provide funding for companies threatened with immediate failure. In January 1933 the Istituto per la Ricostruzione Industriale (IRI) was organized to provide systematic, coordinated, and long-term funding for key industries afflicted by chronic financial and economic problems. By 1938 it controlled 44% of all Italian capital stock, 77% of the iron, and 45% of the steel production of Italy as well as 80% of all shipbuilding.

This drive toward self-sufficiency and a command economy was matched by an intensification of territorial expansionist tendencies that soon materialized in the Ethiopian War (1935-36), military involvement in the Spanish Civil War (1938), and, two years later, in Italy's entry into the Second World War on the side of Germany. According to fascist expectations, the war was supposed to finally break the hold of the "plutocratic and hegemonic powers" over the "proletarian nations": Germany, Japan, and Italy, delayed in their industrialization and confined to restricted economic space, would finally attain the status of economically and politically sovereign major powers.

The foregoing account of the ideologies and policies of Italian and Portuguese fascism, together with the data of Figure 10.1, supports Wallerstein's contention that "[one] can interpret the whole political

development of Italy, Spain, Portugal, Greece, and Turkey in the interwar period as one grand response to the sense and reality of 'having been left behind'" (this volume, Ch. 1). Yet, Wallerstein's claim does not help in explaining why the fascist reaction was pioneered in Italy after twenty years of effective reversal of the tendency towards peripheralization, while it was so belatedly adopted in Spain, where peripheralization was far more weakly, if at all, counteracted. Nor does it help in explaining why Portugal, on a downward trajectory in the world-economy and in the interstate system, adopted an anti-developmental version of fascism while Italy, on an upward trajectory economically and politically since the turn of the century, adopted a developmentalist version.

It seems to me that to account for both the analogies and differences between national experiences it is necessary first of all to acknowledge that fascism was a response to something more specific and compelling than the sense and reality of being left behind. That is to say, it is necessary to recognize that it was first and foremost a response to the acute conflicts among and within states unleashed by the breakdown of the nineteenth-century liberal world order established under British hegemony. It arose in reaction to and in competition with Marxist ideologies, which, during and after the First World War, were trying to exploit that crisis in a bid to create a socialist world order (cf. Mayer, 1971).

In this respect, at least implicitly, early fascist ideologues shared Lenin's view that peace after the First World War was going to be nothing more than a truce; sooner or later, uneven development would change the relationships of forces between capitalist states and thus lead to a new war for the territorial re-division of the world. Lenin's program was mass mobilization to turn war into revolution with the objective of establishing a socialist world order. Mussolini's program was mass mobilization to enhance the tendency towards uneven development (i.e., to modernize Italy, a late-comer and have-not nation) with the objective of benefiting from future territorial re-divisions of the world. Salazar's program was to dampen internal tensions and conflicts both as an end in itself and as a means of strengthening Portugal's defenses in the world struggles to come.

Whatever one might think of the theories that backed these programs and notwithstanding the fact that, with the partial exception of Salazar, they failed to attain their intended results, it is undeniable that they anticipated and acted upon the main tendencies that were to characterize the capitalist world-system in the following three decades: the

failure to re-establish free trade in the 1920's; the subsequent break-up of the world market and the resurgence of inter-imperialist rivalries in the 1930's; and the outbreak of the Second World War.

This world context and the tensions it engendered in national locales gave credibility to and created a favorable environment for the spread of fascist and Leninist ideologies. This was particularly true in situations, typical of semiperipheral countries at this time, characterized by social dislocation and extreme dualism connected with spurts of industrialization. As Aymard has emphasized in his contribution to this volume, extreme forms of dualism have indeed been one of the main traits of Southern European semiperipherality. It is at this level that, in my view, the connection between fascism and semiperipherality has to be sought.

For reasons that I cannot expand on in this chapter, in such situations labor movements tended to be strong enough to disrupt accumulation but not strong enough to resist retaliation in the workplace or in the political arena. Briefly stated, the reason is that the development of modern, large-scale industry in a backward social environment (i.e., with large reserves of non-wage labor or of "pre-industrial" wage labor) greatly increased the power of labor to disrupt accumulation but left labor vulnerable to retaliation on two fronts: (1) through the enhancement of competition within its ranks by the economic mobilization of part-lifetime and pre-industrial proletarians; and, (2) through the political mobilization of a whole variety of social groups in support of anti-labor policies. As a consequence, workers' power always risked being rolled back by either or both types of mobilization (cf. Arrighi & Silver, 1984).

Lenin's theory of the party and of the revolutionary seizure of state power had precisely a situation such as this as its rationale: Only through the intercession of a revolutionary elite could the working class hope to rise up to its hegemonic task of mobilizing non-wage workers and pre-industrial proletarians towards the seizure of state power, and thus not lose all its power. Once the Leninist project failed, as at this time it did everywhere except in Russia, fascism provided a way out of the impasse created by a labor movement strong enough to disrupt accumulation but not strong enough to seize power or to resist political repression.

For fascism proved to be a powerful ideology in shifting the balance of social forces away from and against the working class. It drew its main support and drive from a variety of social groups that cut across class lines but that were heavily concentrated among the urban and rural middle classes, whose livelihood, security, and status were directly or indirectly threatened by the combination of workers' power, breakdown

of law and order, and intensifying market competition. To these groups a strong state autonomous from both organized labor and capital seemed to represent the best if not the only guarantee of the preservation and enhancement of their social and economic positions. And the very fragmentation and heterogeneity of the interests of these groups (e.g., small and medium entrepreneurs and property holders, white-collar employees, unemployed veterans and army officers, students and displaced intellectuals) were major factors in the potential autonomy of the state from any particular economic interest.

The constellation of social and economic forces varied from country to country, and so did the ideology that could best forge them into an effective political bloc. Of particular significance in this respect were the kind of capitalist interests that fascist regimes inherited from previous national histories. Both in Italy and Portugal the bourgeoisie was generally supportive of the anti-labor and law-and-order thrust of fascism. But only in Portugal was this support transformed into a stable symbiotic relationship between dominant capitalist interests and the fascist state.

In Italy on the eve and in the early stages of fascist rule, dominant capitalist interests were on the whole supporters of free trade and laissez-faire, and, once law and order had been re-established and labor brought back under control, they became one of the main foci of opposition to fascist developmentalism and aggressive nationalism. Indeed, it was by playing one interest against the other and by relying on the open or tacit support of different capitalist interests at different times that fascist political elites managed to re-shape those interests, neutralize their opposition, and obtain the support necessary for the pursuit of their own strategic and tactical objectives (cf. Castronovo, 1973).

Under Salazar, in contrast, Portuguese fascism moved very quickly towards an oligarchical rule that harmoniously fused capitalist interests and organs of the state. A handful of private financial and industrial enterprises, centered around a small group of families (allied by marriage with the large, traditional landowning families and often with business interests in the African colonies), accepted and supported bureaucratic controls in return for assurances of minimal public ownership of economic enterprises and monopolistic privileges (Baklanoff, 1979).

It seems, therefore, that the two versions of fascism were associated with different state-capital relationships. The anti-developmental version was associated with a symbiotic relationship between fascist political elites and dominant capitalist interests and the developmen-

talist version with a greater autonomy of the former vis-à-vis the latter. These relationships, however, must themselves be situated in the wider world-historical and social contexts that, as we have seen, had engendered and sustained fascist tendencies.

Thus, it could be argued that the longer history of Portugal as a nation-state, its older and more extensive colonial possessions, and the weaker and less extensive spurts of recent industrialization had produced, in comparison with Italy, a politically more established and compact but competitively weaker bourgeoisie; a larger service class directly or indirectly living on colonial exploitation and state-monopolistic practices; and a smaller and weaker working class. Under these circumstances it made good political sense for fascist elites to buttress the unity and monopolistic vocation of the bourgeoisie through a defensive imperialism and anti-developmental policies. It would have made little political sense to attempt to mobilize middle-class support for a developmentalist strategy that could have roused the opposition of socially and economically dominant groups threatened by such a strategy.

In Italy the recent formation of the nation-state, the relatively new and insignificant colonial connections, the extreme forms of internal dualism, and the great spurt in industrialization of the previous twenty years had created a quite different situation. A bourgeoisie that had hardly established itself as the hegemonic class at the national level and that had been further divided (politically and economically) by the unevenness of recent capitalist development was faced by a labor movement that threatened to become hegemonic over important sectors of the lower-middle classes and landless peasantry. Under these circumstances fascist political elites enjoyed a much greater autonomy from capitalist interests than in Portugal and were therefore able to pursue a developmentalist strategy that promised to strengthen simultaneously the social bases of the regime in the national arena and its power in the world arena.

In sum, the Italian and Portuguese experiences suggest that fascism arose in Southern Europe as a response to acute social conflicts in a context of anarchy in the interstate system. It was rooted in a social structure that made capitalist accumulation highly vulnerable to the growth of organized labor and organized labor vulnerable to political repression. Its social base was heavily concentrated among urban and rural middle classes whose livelihood, security, and status were highly dependent on the capacity of the state to discipline labor and to take advantage rather than be victimized by anarchy in the interstate system. But its chances of success in seizing and retaining power as well as the

developmentalist or anti-developmental bias of its policies were largely determined by the kind of capitalist interests and the kind of position in the interstate system fascism inherited in each particular national locale.

The experience of the other Southern European countries can be shown to support, with some qualifications, these conclusions. In comparison with the Italian and Portuguese experiences, the Spanish road to fascism presents two main characteristics. As witnessed by the Primo de Rivera dictatorship, the same tendencies that brought fascism to power in Italy and Portugal were at work in Spain at about the same time. However, these tendencies were temporarily reversed in the 1930's. When they eventually won out at the end of the decade they did so only with the decisive intervention of foreign powers (Nazi Germany and Fascist Italy) and of the Catholic Church, which brought crucial peasant support to Spanish fascism. In the second place, fascism in Spain was far more ambiguous than in the other two countries in its attitude towards capitalist development. While initially it was much closer to the anti-developmental than to the developmentalist variant, once in power, it moved relatively quickly towards a developmentalist variant.

This tortuous and ambiguous path can be traced to the specificities of Spain's position in the interstate system and structure of state-capital relations at the end of the First World War. Having lost what was left of its colonial empire in the Spanish-American war (1898), Spain, like Portugal, was definitely on a downward trajectory in the interstate system. However, unlike Portugal, Spain had little to protect from the growing anarchy in the interstate system other than its own national integrity threatened by regionalist and separatist claims. In further contrast with Portugal, in the years preceding the First World War and particularly under the advantageous conditions for exports enjoyed by non-belligerent states during the conflict, Spain experienced a process of rapid industrialization similar to that of Italy, though lagging behind in time and volume (cf. Ránki's chapter and Figure 10.1).

In this situation of contradictory trajectories in the interstate system and the world-economy, fascist political elites in Spain necessarily faced more difficult ideological choices than in either Italy or Portugal: While a defensive imperialism of the Portuguese type had simply been superseded by events, an aggressive nationalism of the Italian type lacked credibility on the grounds of a long history of decline in the interstate system, of the relative weakness of the current spurts of industrialization, and of the deepening internal geo-ethnic divisions. Under these circumstances, fascist political elites pursued a nationalism

aimed at strengthening the position of the state vis-à-vis regionalist and separatist tendencies rather than its position in the interstate system—a tendency that further divided the middle classes along ethnic lines and induced some of these ethnic fractions to seek an alliance rather than a confrontation with the labor movement.

These contradictions were sustained and compounded by the geo-ethnic split between the political and economic centers of the Spanish state that had been accentuated by the loss of the empire and by the concentration of the recent spurts of industrialization in the Catalan and Basque regions. As a result of this split, a harmonious relation between fascist political elites and dominant capitalist interests, as in Portugal, was out of the question, while the establishment of a reciprocally manipulative but basically non-antagonistic relation, as in Italy, was at best problematic. As a matter of fact, relationships between fascist political elites and dominant capitalist interests in Spain were riddled with antagonistic tensions that, together with the ethnic divisions of the middle classes, provided much of the explanation of the specificities of the Spanish road to fascism mentioned above (its tortuous course, the reliance of fascist elites on foreign powers and on the Catholic hierarchies in the seizure of power, and the tendency of the regime, once established, to develop new capitalist interests in the politically central regions as a way of strengthening its economic base—a point I shall return to in the next section).

In the case of Greece and Turkey, fascist tendencies never really took root in the interwar period. One reason for this is that both Turkey and Greece had no industrial structure to speak of, even in comparison with Portugal, which was the least industrialized of the other three countries. As a consequence a key factor that gave rise to fascist tendencies in Italy, Spain, and Portugal (a labor movement strong enough to disrupt capitalist accumulation but not strong enough to withstand political repression) was simply absent.

This lack of an industrial structure and of a relatively strong labor movement was part and parcel of the peculiar relationship between state and capital that characterized Greece and Turkey—a peculiarity that in itself represents another reason for the weakness of fascist tendencies in the two countries. From this point of view, the positions of Greece and Turkey were each other's specular image. To use a metaphor, Greek capital was like a mollusk without a shell and the Turkish state was like an empty shell.

This specularity was no coincidence but the outcome of the disintegration of the Ottoman Empire. Under Ottoman rule, Greek merchants managed to accumulate vast fortunes and to establish their

dominance not only over Balkan trade but also over most of the Ottoman Empire's trade with the industrializing West. With the disintegration of the Ottoman Empire and the formation of the Greek state, the Greek diaspora bourgeoisie intensified the transnational character of its operations by exploiting inter-imperialist rivalries and playing the role of intermediary between colonial and metropolitan centers and by developing on that basis a productive infrastructure in sea transport. A fraction of the formidable resources mastered by the diaspora bourgeoisie were channeled into mainland Greece for the development of educational establishments (to supply the cadres of the diaspora bourgeoisie) and partly to develop a top-heavy state and tertiary sector geared to support Greek mercantile and financial capital (Mouzelis, 1976: 60-62).

The Greek state thus developed as a territorial appendage of an ethnic fraction of the world bourgeoisie, without industries of its own and without the least control over its internal finances. Under these circumstances, Greek political elites could not possibly develop the autonomy or the power necessary to regiment capital into fascist forms of political-economic regulation, whether of the developmentalist or the anti-developmental type.

For quite opposite reasons, fascist tendencies could hardly materialize in Turkey either. The Turkish state was not an appendage of a world bourgeoisie but the bureaucratic head of a lost empire. Having shrunk to nation-state dimensions, the Turkish state found itself with a bureaucratic structure out of all proportion to the smaller economic base enclosed by its new political boundaries. This disproportion characterized the Greek state apparatus as well. However, while the Greek state apparatus had an economic base in the world (partly core-like) activities of the diaspora bourgeoisie, the Turkish state apparatus, with the loss of population and territory, had also lost a large part of its economic base: the agricultural surplus extracted through taxation.

In addition, the Turkish state had inherited from the disintegration of the Ottoman Empire splinters of ethnic fractions of the world bourgeoisie (Greeks, Armenians, and the like) overtly committed to external interests. The Young Turks had tried to deal with the problem by promoting a less comprador bourgeoisie of Jewish and Moslem denomination. Yet this would-be bourgeoisie had also been nurtured in the structure of peripheral commerce and was far from controlling an independent economic base (Keyder, 1979).

The persistent foreign indebtedness of the remnants of the Ottoman Empire greatly limited both the sovereignty of the imperial state over much of its potentially mobilizable resources and the sovereignty of the

newly born Republican state after 1923. The Lausanne Treaty, for example, imposed on the Turkish government a non-protectionist trade policy. Thus, Turkey's position in the interstate system and the scantiness of capitalist forces in the national arena set narrow limits to what political elites could have achieved had there been an incentive to resort to fascist forms of political-economic regulation.

The Postwar Transition

According to the foregoing interpretation, the strength and spread of fascist tendencies in Southern Europe in the interwar years were rooted in two main circumstances: the state of anarchy in the interstate system associated with the breakdown of British world-hegemony, on the one hand, and the kind of social structure that was at the time associated with a semiperipheral position in the world-economy, on the other. As we have seen, the combination of these two circumstances tended to create in Southern Europe patterns of conflict and conflict resolution that favored fascism over competing ideologies.

Why it did so earlier and to a greater extent in Southern Europe than in other semiperipheral countries and regions of the world-economy is a question that I have not explicitly dealt with but that can probably be answered with reference to the region's geographical proximity to the epicenter of anarchy in the interstate system (central and northwestern Europe) and to the specificities of state formation in Southern Europe emphasized by Aymard.⁵ And of course, once the tendency towards fascism actually materialized in some countries, it produced all kinds of spread and demonstration effects in the region as a whole. Fascist Italy, for example, set a model for the labor legislation of all the other four countries, provoked nationalist reactions to its expansionist tendencies in Greece and Turkey, and intervened in the Spanish Civil War in support of fascist forces.

If this interpretation is correct, we should be able to link the progressive demise of fascist tendencies in Southern Europe since the Second World War and the recent ascendancy of democratic socialist tendencies to changes in the pattern of world hegemony and to transformations in the social structure of the semiperipheral zone of the world-economy. Let me begin by pointing out that the postwar transition, like the interwar convergence, has largely occurred in response to situations of acute social conflict. As already hinted at in the Introduction, I am here in partial disagreement with Logan's and Keyder's interpretation of the transition as the outcome of conflicts among

political and economic elites. Quite apart from the fact that the distinction between pro-European and pro-American "fractions" of the bourgeoisie used by Keyder does not seem to me to have an adequate empirical foundation. I do not find the focus on intra-elite conflicts particularly useful in investigating the problem at hand.

Major policy changes, let alone changes in regimes, are inevitably accompanied by more or less open conflicts among elites. Regimes and state policies pursued for any length of time either are built upon or themselves create a whole variety of vested interests that necessarily become the locus of intra-elite conflicts whenever changes are envisaged, decided upon, and implemented. Significant political-economic changes increase, so to say, the velocity of circulation of the elites, and by so doing intensify intra-elite conflicts. Seldom, however, are the latter the driving force behind such changes. More often, at least in the region and in the period under examination, the main impulse and the direction of change have generally come from open or latent threats to the elites' capacity to rule.

The two main kinds of threats that have brought about political-economic change in Southern Europe since the Second World War have been defeat or quasi-defeat in war, on the one hand, and social movements of protest and of resistance to exploitation, on the other. The former played a role in Italy in 1943-45 and, in different ways, in Greece and Portugal 30 years later. The latter, however, in combination with defeat in war or by themselves have played a key role in almost all the turning points of the transition under investigation.

In Italy, the three major turning points that marked the transition from fascism to the current socialist-led government were characterized by major outbursts of social conflict. A great wave of worker and peasant struggles (1943-50) accompanied both the downfall of the fascist regime and the shaping of the postwar Christian Democratic order. A wave of mass demonstrations against the Tambroni government and of widespread industrial conflict in the early 1960's pushed the Christian Democratic leadership into the *apertura a sinistra*. Finally, the student and worker movements of 1967-77 were followed by the entry of the PCI into the *area di governo* and, after the abortion of the *compromesso storico*, by the formation of a socialist-led government.

In each instance other factors were also at work: the defeat in the Second World War in the early wave; the crisis of the "centrist" political formula and the problems posed by entry in the EEC in the late 1950's and the early 1960's; and the crisis of the center-left experiment and the outbreak of the world monetary crisis in the late 1960's and in the 1970's.

But in all instances it was the outbreak of social conflict and its unfolding that determined more than anything else the timing and direction of political-economic change.

The same can be said about Portugal and Spain. Logan himself provides plenty of evidence to show that the conflicts among elites that characterized the transition from fascism to democratic socialism were generally taking place against the backdrop of major outbursts of social conflict and more often than not were prompted by such outbursts. Significant breaks with the *imobilismo* of the Salazar regime only occurred in the 1960's, when the escalation of national liberation movements in the colonies forced ruling elites to reconsider their anti-developmental thrust. The final downfall of the regime in 1974 was preceded and followed by outbursts of industrial conflict that set the stage and the pace of pre- and post-revolutionary conflicts among elites.⁶

As for the transition in Spain, the labor movement, variously combined with the democratic and separatist movements, played an even more central role than in Portugal. The accession of the Opus Dei technocrats to governmental power in 1957, to which the beginnings of economic liberalization are often traced, was preceded by a resurgence of industrial conflict that forced the government to decree substantial wage increases. Notwithstanding the absence of formal organization and centralized direction, the pressure of the labor movement in the 1960's became so strong and costly as to lead to the legalization of economic strikes in 1966—a move that put Spain on record as one of the top-ranking western European countries in strike activity.

The labor movement thus became the center of gravity of all other social movements of protest and opposition to the regime. As opposition mounted, the regime attempted in the early 1970's a repressive and conservative retrenchment. Movements of protest and resistance in general, and industrial conflict in particular, instead of subsiding, escalated even further and set the stage for the subsequent rapid transition to democratic socialism. As Giner and Sevilla have emphasized, “[The] fact that reformers came to power only *after* the situation had become uncontrollable bears out the contention that it was this situation . . . that forced change upon the regime” (1983: 16).

We may conclude that the widely different trajectories followed by Italy, Portugal, and Spain in their transition from fascism to democratic socialism have at least one important element in common: the resurgence of the labor movement in forms that fascism could not contain and that pushed political elites towards democratic socialist forms of political-economic regulation. This conclusion must be qualified to take

into account the relatively anomalous behavior of Greece and Turkey. In both countries, the labor movement has been a far more significant force in the 1960's and 1970's than it had been in the interwar years. However, in neither country has it ever attained a degree of autonomy from intra-elite conflicts comparable to that attained in the other three countries (particularly in Italy and Spain). In addition, while in the other three countries fascist regimes were overthrown or progressively undermined, in Greece in the late 1960's and in Turkey in the early 1980's fascistic elites managed to seize state power.

Our interpretation must account for these anomalies, but two preliminary considerations are in order. In the first place, the fascism that emerged in Greece in the late 1960's and more recently in Turkey has duplicated many of the labor-repressive and national-chauvinistic traits of classical fascism, but it showed little or no sign of the latter's anti-market, protectionist/mercantilist thrust. On the contrary, it belongs to what Paul Samuelson has labeled “market fascism” (quoted in Murteira, 1983: 23). In the second place, this new variety of fascism has proved remarkably unstable compared to the earlier varieties. In the case of Greece, the regime lasted only seven years and ultimately resulted in a strengthening of democratic socialist elites vis-à-vis the traditional military and civilian oligarchies (see Diamandouros, 1981). In the case of Turkey, it is too early to assess the stability of the military dictatorship, but it is significant that from its very inception the regime has claimed to be offering only a temporary solution to the state of acute social and political conflict that prompted its establishment.

In sum, taking Southern Europe as a whole, our problem is to explain why in the postwar years social conflict has called forth forms of conflict resolution quite different from those typical of the interwar years. That is to say, we have to explain why the establishment of relatively stable fascist regimes, which in the interwar years was the predominant form of conflict resolution, has become exceptional in the postwar years and has been replaced by a form of conflict resolution (democratic socialist regimes) with opposite ideological connotations.

As already mentioned, we shall look for an explanation in the changed pattern of world-hegemony and in concomitant transformations of Southern European social structures. With the establishment of U.S. hegemony after the Second World War, the previous phase of anarchy in the interstate system was brought to a sudden end by the formation of two antagonistic power blocs, each characterized by a hierarchical structure and each headed by a nuclear superpower. Territorial expansionism and war were delegitimized, except for “police actions” by or on behalf of the two superpowers within their respective

spheres of influence. Conversely, national liberation movements and state formation in the colonial and semi-colonial world were legitimized by both superpowers, leaving at least nominally open the issue of hegemony over the new states.

Interstate relations within the two blocs came to be organized quite differently. Within the Soviet bloc, the reproduction of hierarchy and cohesion came to rely almost exclusively on strictly political mechanisms of domination and integration: the command of the state over the economy, the monopoly of Communist parties over state power, and the overwhelming military power of the Soviet state vis-à-vis the other states. Within the U.S. bloc, strictly political mechanisms of domination and integration, while important, were far less prominent and exclusive. For U.S. hegemony came to be exercised in and through the reconstruction on new bases of the world market economy that had been destroyed in the previous phase of anarchy in the interstate system. While Soviet hegemony was based on a further strengthening of the tendency typical of the first half of the century towards the replacement of the market by command economies and bilateralism, U.S. hegemony was based on a reversal of this tendency. That is to say, it was based on a revival of multilateral exchanges and payments between, within, and across state boundaries as a means of overcoming anarchy in the interstate system and simultaneously reviving inter-enterprise competition.

This hegemonic model was not a return to the nineteenth-century free-trade and laissez-faire order established under British hegemony. For our present purposes, three main differences are particularly relevant. At the level of ideology, there was no revival of the liberal creed—"[the] faith in man's secular salvation through a self-regulating market," to use Polanyi's phrase (1957: 135). Rather, the market was conceived of as an instrument in the struggle against fascist and, above all, communist totalitarianism—an instrument incapable of self-regulation but essential to non-totalitarian regulation of inter- and intra-state relations. In the neoliberal ideology that came to characterize U.S. hegemony, therefore, the visible hand of the state was assigned crucial tasks not only in creating and reproducing the global, regional, and national institutional arrangements that were necessary for the operation of a market economy. It was also attributed the role of setting developmental objectives and of supplementing, regulating, or even partially displacing market mechanisms in the pursuit of such objectives. At the level of policies, the reconstruction of the world market economy has involved far more political bargaining and organizational effort than it ever did under British hegemony. The extensive and complex network of interstate military organization (NATO, SEATO,

etc.), the world monetary institutions established at Bretton Woods, GATT, the Marshall Plan, and the promotion of western European economic integration are the most conspicuous examples of the political and organizational drive that led to the swift re-establishment of a system of multilateral exchanges and payments. In this process, allies were rewarded and foes penalized, and in either case the stakes were particularly high in Europe—the traditional epicenter of world hegemonic struggles.

At the level of world economic processes, direct investment superseded trade and territorial expansion as the leading vehicle of transnational competition and exploitation. As a consequence of this change, the penetration of national markets and the exploitation of national resources were freed to an unprecedented extent from reliance on trade liberalizing policies and on state territorial expansion. So long as foreign entrepreneurship was granted minimal rights of operation and minimal guarantees of convertibility of profits into universally accepted monetary means, interstate restrictions on trade did not necessarily hamper, and under certain circumstances could even sustain, competition through direct investment. In this sense, U.S. hegemony was the bearer of a free-enterprise rather than a free-trade interstate system (see Arrighi, 1982).

This multifaceted change in world and regional contexts radically transformed the range of policy options open to Southern European political elites. To be sure, the transformation was not altogether independent of the endogenous dynamic of Southern European polities. Vergopoulos, for example, has claimed that

le cas de la Grèce a servi d'expérimentation dans l'élaboration finale du projet mondial des USA: la doctrine du président Truman pour la Grèce (mars 1947) n'a précédé que de quelques mois l'annonce du plan Marshall pour l'Europe (juin 1947) (1979: 1479).

Whatever the validity of this claim, the contribution in one sense or another of Southern European political elites to the shaping of the U.S. order in the region and beyond did not merely consist of a passive adaptation to something imposed from outside and above. In some instances, as in the case of the Italian Christian Democrats under De Gasperi, they contributed in an active and significant way to the reconstruction of a world market economy. In other instances, as in the case of Franco and Salazar, they forced the hegemonic power to ideological and practical adaptations to their own national and colonial realities. All these direct and indirect contributions of Southern

European political elites to the shaping of the new world order, far from lessening, enhanced the impact of that order on the political economy of the region.

In the very short run the impact was predominantly "conservative." By pacifying interstate relations and delegitimizing Leninist revolutionary strategies within the U.S. sphere of influence, U.S. hegemony improved the life chances of the fascist regimes that had survived the Second World War. It is true that the partial legitimization of national liberation movements in the colonies threatened to raise the political and economic costs of defensive imperialisms of the Portuguese type. This threat, however, did not materialize until the 1960's and was in any event counterbalanced by the security and legitimacy that the Salazar regime derived from the full integration of Portugal in the political networks of U.S. formal hegemony. Indeed, in the very short run, the centrality assigned by the hegemonic power to the political organization of the Cold War gave considerable freedom to the visible hand of both Salazar and Franco in consolidating their authoritarian rule within their respective domains.

In the medium run, the impact of U.S. hegemony on the political economy of Southern Europe can be said to have been "reformist" in the sense that it gradually transformed fascist tendencies and regimes in the region, in some instances giving them a new lease on life but generally undermining their long-run stability. Fascism, that is, began to be transformed in the direction of what, following Samuelson, I have labeled "market fascism."

An important reason for this transformation was the termination of the previous phase of anarchy in the interstate system. For the mercantilist thrust of fascism in the interwar years was justified, among other things, by the breakdown of the world market or the expectation that anarchy in the interstate system would sooner or later provoke such a breakdown. As suggested in the second section of this chapter, the plausibility and ultimate accuracy of this expectation were points of strength of fascist vis-à-vis liberal ideologies. By the same token, it can be argued that U.S. hegemony, by terminating the state of anarchy in the interstate system and by reconstructing a world market on more solid bases than ever before, undermined this advantage and induced fascist ideologues to shed their anti-market stances (a similar point is made by Diamandouros, 1981).

Equally important was the fact that the re-incorporation of autarchic economies into multilateral networks of exchange and payments, and reliance on "market forces" in general, was upheld as part of a crusade against "world communism." As Farneti has pointed out, this fact

opened the way to political strategies, such as those combining liberal and Catholic doctrines, unimaginable at the end of the First World War (1979: 117). In this respect, the experience of the Italian Christian Democratic party was crucial. In the decade following 1947, a combination of Catholic corporatism and liberal trade and monetary policies effectively contained and partly rolled back the power of a communist party (the PCI) that had become temporarily hegemonic in postwar Italy. It is quite plausible that this experience influenced the views of the Opus Dei technocrats who in the late 1950's began the economic liberalization of the fascist regime in Spain. We may even advance the hypothesis that the Opus Dei technocrats acted as the "transmission belt" through which the Vatican or some of its factions tried to lead the Franco regime towards a Christian democratic transformation.

Generally speaking, greater use of market mechanisms was adopted by Southern European fascist elites as a way of improving their chances of success in retaining power (as in Spain and, to a lesser extent, in Portugal) or in seizing power (as in Greece and Turkey). The improvement was real but temporary. In the longer run, the use of market mechanisms definitely worsened the life chances of fascism. One reason was that, as I indicated earlier the containment of the socially disruptive tendencies of market rule (particularly strong in the non-core zones of the world-economy) was an essential component of both versions of the fascist model of political-economic regulation, and its replacement by a pro-market thrust could only undermine the overall stability of the model. It is no accident that Salazar, the mastermind of the most stable and longest-lived fascist regime, so stubbornly resisted the encroachment of the market upon his own rule.

Another and more fundamental reason that greater reliance on market mechanisms ultimately worsened the life chances of old and new fascist and fascistic regimes in Southern Europe is that they came to operate in a social context in which fascism, however transformed, could not survive. For U.S. hegemony unleashed and sustained processes of capitalist rationalization in Southern Europe that, in the long run, revolutionized the social structures and radically changed the balance of social forces on which the spread and reproduction of fascism in the region had rested.

As you may remember, the spread of fascism in the interwar years was traced to the fact that it provided a way out from the impasse created by a labor movement strong enough to disrupt accumulation but not strong enough to seize power through its organic elites or to resist political repression. It was also suggested that such a situation was typical of semiperipheral states wherein industrial development had

greatly increased the power of labor but had left it vulnerable (1) to the enhancement of competition within its ranks by the economic mobilization of part-lifetime and pre-industrial proletarians, and (2) to the political mobilization of a whole variety of social groups (heavily concentrated among the urban and rural middle classes) in support of anti-labor policies.

The pattern of development of the world-economy ushered in by U.S. hegemony radically changed this situation. The reactivation of world market competition created a strong competitive advantage in industrial production for national locales (such as those of Western and Southern Europe) that had a privileged access to elastic supplies of labor at comparatively low wage rates and to markets large or dynamic enough to warrant the use of the mass production techniques previously developed in the U.S.

This advantage was shaped and compounded by the peculiarities of U.S. hegemony mentioned earlier: the key role played by interstate relations and direct investment in restoring and redefining the rules of world capitalist competition. On the role of interstate relations little needs to be added to what has already been emphasized in Keyder's contribution. All I want to point out is that the activities of the hegemonic power in Europe did not contribute to the rapid economic and social transformation of Southern Europe only through the redistributive measures that relaxed the balance-of-payments constraint on the industrialization of the region. Equally important were the activities (redistributive and institutional) that promoted and sustained the rapid reconstruction, integration, and rationalization of the capitalist economies of Central and Northwestern Europe, which in turn generated a whole variety of spread effects in neighboring Southern Europe.

As for the role of inter-enterprise relations, the suppression of trade by direct investment as the leading vehicle of transnational competition greatly increased the speed with which the most advanced techniques of capitalist production spread across state boundaries within the core zone and from the core into the semiperipheral and peripheral zones of the world-economy. In particular, it meant that transnational competition and its social effects could proceed without the preliminary liberalization of trade. Direct investment became the Trojan horse through which market forces managed to penetrate even so well-guarded a bunker of protectionist ideology and practice as Salazar's Portugal.

As a result of these peculiarities of U.S. hegemony, Europe's competitive advantage in industrial production materialized in an

exceptionally rapid economic expansion of both its core zone and its southern semiperipheral zone. Expansion in both zones came to rely heavily on the labor supplies of Southern European peasants. A strong demand for such labor on a part-lifetime basis first developed in Central and Northwestern Europe and gave rise to large migratory flows from all Southern European states, though not from all of them at the same time or to the same extent.

As emphasized in Keyder's contribution, migrants' remittances became another major factor easing the balance-of-payments constraint on the industrialization of Southern European countries, which, one after another, began to experience big spurts of industrialization from the late 1950's onwards. The timing, intensity, and modalities of these big spurts varied from country to country, but in all instances, with the partial exception of Turkey, it further increased the demand for part-lifetime wage labor.

This reliance of Western and Southern European economic expansion on the part-lifetime wage labor of Southern European peasants was closely connected with the transformations of the labor process on which the competitive advantage in industrial production of Southern and Western Europe rested. As a matter of fact, no such advantage would have existed without the possibility of mobilizing Southern European peasant labor to perform the semi-skilled and unskilled work roles into which Taylorism and Fordism had broken up traditional skilled jobs.

As argued at greater length elsewhere (Arrighi & Silver, 1984), this kind of mobilization and the concomitant transformations in the labor process have a contradictory effect on labor capital relations. On the one hand, they undermine what might be called the marketplace bargaining power of labor; that is, the power labor derives from the possibility of earning a living outside of wage employment and from the skills it brings into the wage-labor relation. On the other hand, they enhance what might be called the workplace bargaining power of labor, that is, the power labor derives from the greater vulnerability of complex and capital-intensive organization of workers' action at the point of production.

The balance between these two contradictory effects is determined mainly, though not exclusively, by the size of the reserves of labor (generally nonwage and pre-industrial wage labor) that can be mobilized *competitively* to perform the simple work roles into which complex work roles are being dissolved. That the mobilization must be competitive simply means that those who are recruited into simple work roles must have expectations, outlooks, and resources that make them accept

the relatively low status and pay attached to those roles instead of using their workplace bargaining power or of withdrawing from wage employment altogether.

As these reserves are exhausted, either through complete proletarianization or through changes in outlooks and expectations of partly proletarianized labor, the power of labor vis-à-vis capital tends to be reconstituted on the basis of relations in the workplace, and this reconstitution undermines the efficiency of repressive political-economic regulation. This is what happened in Southern Europe (with the main exception of Turkey) between the middle 1950's and the middle 1970's. The boom in the demand for part-lifetime wage labor in the European core zone and from within Southern Europe itself tended to draw into industrial and accessory types of employment a greater amount of labor than productive and reproductive arrangements in peasant communities could spare without impairing their long-term viability. And as this impairment became evident, migrants' expectations and behavior began to change. (See, for example, Piselli [1981] for Italy; Aceves & Douglas [1976], and Rhoades [1978] for Spain.)

Large sectors of the peasantry turned into full-lifetime industrial wage workers. Other sectors continued to split their labor resources between self-employment in the communities of origin and urban-industrial wage employment. But even in the latter case, the outlook and expectations of peasant-workers tended to change radically: While in the early stages of the process they retained the outlook and expectations typical of the peasant even when residing in the industrial centers, in the later stages they bore the outlook and expectations of the full-lifetime proletarian even when residing in the rural areas.

It was this change that transformed the labor movements of Southern Europe into a force that neither political repression nor market regulation could any longer control without seriously interfering with the very process of capitalist accumulation. Political repression could and did work in the interwar years because what power workers had was largely based on organizations (unions and parties) that in their origin and orientation were external to the wage-labor relation—on organizations, that is, oriented towards the preservation of labor's market power and towards resistance against the proletarianizing and deskilling tendencies of capitalist accumulation. Being ultimately political in character, such organizations could be repressed and suppressed politically, and this repression sustained rather than interfered with the capitalist labor process.

Market regulation could supplement, ease, or replace political repression, as it increasingly did after the Second World War, because

the use of mass production techniques allowed for the competitive mobilization of the large reserves of nonwage labor still existing in Southern Europe in order further to undermine the residual marketplace bargaining power of the full-lifetime industrial proletariat. But as these reserves began to be depleted and the bargaining power of labor began to be reconstituted on the basis of the very organization of the capitalist labor process, which, obviously, could not be suppressed, political repression and market regulation began to lose their previous efficiency in reproducing the control of capital over labor.

This is the social context in which Southern European political elites have been pushed and pulled by labor and other social movements towards democratic socialist forms of labor control. The main feature of this form of labor control is to combine market regulation with political rule by labor's representative organizations. It is a form of "liberal corporatism," and it consists (to use Pizzorno's expression [1978]) of a "political exchange" whereby labor's representative organizations hold or share governmental power in exchange for restraining labor in the use of workplace bargaining power.

As already noticed, this political-economic convergence is far from perfect. Turkey is the main and most glaring exception, having recently moved in the direction of market fascism. But even the four states that have converged towards one form or another of democratic socialism present a wide variety of ideological orientations and political formulas. This variety is largely rooted in the different political histories of the four countries in the transition period as well as in the different positions they have attained within and on the boundaries of the semiperipheral zone of the world-economy. An analysis of these differences and of their implications lies beyond the scope of this study,⁷ but the Turkish exception has to be dealt with, however briefly.

Interestingly enough, the Turkish exception can be easily accounted for by our previous interpretation of the transition. For Turkey began to export labor much later, and experienced far less-extensive processes of industrialization and capitalist rationalization, than the other four countries. As a consequence, its reserves of nonwage labor have been preserved to a much greater extent than elsewhere in Southern Europe. Thus, if we take the percentage of the labor force employed in agriculture as a rough indicator of the size of these reserves, we can see from Table 10.2 that in 1980 Turkey still had reserves larger than those the other three countries had 30 years earlier. It would seem, therefore, that the Turkish exception confirms rather than contradicts the rule of a transition closely connected with the exhaustion of reserves of nonwage labor.

TABLE 10.2

	Percentage of Labor Force in Agriculture			
	1950	1960	1970	1980
Turkey	n.a.	72	56	54
Greece	48 ^a	53 ^b	40 ^c	37 ^d
Portugal	48	42	28	24
Spain	48	41	28	15
Italy	36 ^e	30	19	11

SOURCE: OECD (various years).

a. 1951.

b. 1961.

c. 1971.

d. 1979.

e. 1954.

Conclusion

I shall now briefly return to the issue of semiperipherality in order to see if it has any relevance for the current political-economic convergence of Southern European states. As we have seen in the Introduction, much of the controversy over the position of Italy (and by implication of Spain) in the world-economy was rooted in the fact that the labor movement and the political-economic responses it elicited in Italy (and Spain) were analogous to movements and responses typical of unambiguously core countries. The analogies can hardly be denied. However, while more evident in the case of Italy and Spain, they also involve Portugal and Greece.

As a matter of fact, the "political exchange" that has come to characterize Southern Europe in the 1980's in many ways replicates liberal corporatist arrangements experimented with in the U.S. and Scandinavia in the 1930's and 1940's and in Northwestern Europe in the 1960's and 1970's. This widening replication can be traced to the spread of the processes of industrialization and capitalist rationalization to which in this chapter I have traced the demise of fascist tendencies in Southern Europe (Arrighi & Silver, 1984).

In the first section of this chapter, however, we have seen that industrialization does not in and by itself imply any movement towards core position and does not seem to have had any such implication for Southern European countries. This observation can now be supplemented with another one, namely that in one important respect the patterns of conflict and conflict resolution developed in the core countries have not been replicated in Southern Europe.

I am referring to the fact that in most unambiguously core states the various forms of political exchange through which labor's workplace bargaining power was brought under control were supplemented,

sustained, and in some instances displaced by the outward transnational expansion of capital. Through this transnationalization, core capital simultaneously freed itself from dependence on the limited reserves of nonwage labor that could be mobilized competitively within its original national locales and reconstituted significant sectors of the middle classes on corporate foundations.

Aspects of the first tendency have already been dealt with by Casparis with reference to the transnational expansion of Swiss capital, and aspects of the second tendency have been dealt with by Tarrow with reference to the different responses of French and Italian political elites to the waves of social conflict of the late 1960's. There is therefore no need for me to return to the subject except to point out that the transnationalization of capital in response to, or in anticipation of, the development of labor's workplace bargaining power has probably become the key mechanism through which the core, semiperipheral, and peripheral zones of the world-economy are reconstituted and reproduced.

The growing importance of vertically integrated TNC's in all branches of economic activity (from agriculture and mining to manufacturing, distribution, and banking) dissolves and blurs any previously existing correlation between the core-periphery dichotomy (based on the capacity to appropriate economic surplus) and distinctions based on the kind of commodities produced (e.g., industry versus agriculture) or even on the techniques of production used (e.g., high productivity versus low productivity). Within transnational corporate organizations, activities carried out in different national locales are part of integrated and joint processes that make such distinctions irrelevant if at all possible. The relevant distinction is between activities that involve strategic decision making, control and administration, R&D, and other "brain" activities, on the one hand, and activities of pure execution, on the other.

To the extent that this distinction has actually become more relevant than the agriculture/industry or the high-productivity/low-productivity dichotomies, core states are those where TNC's concentrate their brain activities, and peripheral states are those where they concentrate their muscle-and-nerves activities. Under these circumstances, semi-peripheral states would be of two types: states that have attained the core position of the previous stage of development of the world-economy but that have not yet moved on to the core position of the new stage; and countries where TNC's locate a fairly balanced mix of brain and muscle/nerve activities.

Southern European states variously combine these two characteristics, with Turkey still striving to establish itself as an unambigu-

ously semiperipheral state on the lower boundary of the zone and with Italy (joined by Spain) still striving to cross the no man's land that separates the semiperiphery from the core zone. Whether Italy, Spain, or even Greece may eventually succeed in entering the core zone is a question that does not concern us here and that may conveniently be left open. All we need to say is that for the time being even Italy seems to be firmly saddled in the in-between zone, as witnessed by the fact that the transnational expansion of Italian corporate capital, after a good start in the early 1960's, instead of accelerating has considerably slowed down in the 1970's (cf. Onida, 1978).

Assuming that no major change in this situation will occur in the next 10-15 years, Southern European states will find themselves in an awkward but interesting situation. While their social structures have been thoroughly transformed by processes of capitalist industrialization and rationalization so as to lead them in the direction of liberal corporatist regimes, these regimes cannot be expected to unfold in the same way as they did in the core zone. That is to say, Southern European states are likely to find themselves at a new political impasse.

Fortunately, the impasse is radically different from that of the interwar years, and the solutions then adopted are now beyond (or more accurately, behind) the realm of historical possibilities. At the same time, the semiperiphery has historically been the zone of "political innovations." In the 1920's it generated two major such innovations: communism and fascism. Conditions are now ripe for more palatable, if less dramatic, innovations.

NOTES

1. The semiperiphery

includes the economically stronger countries of Latin America: Brazil, Mexico, Argentina, Venezuela, possibly Chile and Cuba. It includes the whole outer rim of Europe: The southern tier of Portugal, Spain, Italy, and Greece; most of Eastern Europe; parts of the Northern tier such as Norway and Finland. It includes a series of Arab states: Algeria, Egypt, Saudi Arabia; and also Israel. It includes in Africa at least Nigeria and Zaire, and in Asia Turkey, Iran, India, Indonesia, China, Korea and Vietnam. And it includes the old white Commonwealth: Canada, Australia, South Africa, possibly New Zealand (Wallerstein, 1979: 100).

2. Classes have been chosen by inspecting the ranking of per capita GNP's in search of relatively empty ranges in the ranking itself. As it turns out, the classes arrived at in this way show a striking symmetry: The lower boundary of class II is approximately double the upper boundary of class I, and the lower boundary of class III is exactly double the upper boundary of class II. It would be interesting to find out whether this symmetry is purely accidental or has some long-term significance.

The World Bank Report for 1983 does not report GNP per capita for a number of countries. In most instances, it nonetheless ranks them with the other countries. Since this ranking is presumably based on rough estimates that are good enough for our purposes, I have used it to place these countries in the various classes. However, neither GNP per capita (except for Hungary and Romania) nor any ranking with other countries is given for the group "Eastern European nonmarket economies." On the basis of data provided in earlier reports, I have classified Czechoslovakia and the G.D.R. in class II/III, Albania in class I/II, and all the others in class II.

3. Though Bairoch's data are not comparable with the World Bank's data because of the different criteria of computation used, we would still expect the two sets of data to show some broad consistency. Using the World Bank data for 1981 and making Italy's per capita GNP = 100, we obtain the following indexes of GNP per capita for the other four countries: France = 175; Germany = 193; Spain = 81; and Portugal = 36. While the indexes for France and Germany are entirely plausible when compared with the earlier indexes derived from Bairoch, the indexes for Spain and Portugal are not. There is no doubt that from 1970 to 1981 Spain improved and Portugal worsened its respective position vis-à-vis Italy. But it is implausible that they have done so to the extent implicit in the above indexes. My guess is that Bairoch probably underestimates Spain's GNP for 1970 and that the World Bank probably underestimates Portugal's GNP for 1981.

4. On Italian fascism as a developmental dictatorship see Gregor (1979), who was largely inspired by De Felice (1976; 1975). For a critical review of Gregor's position, see Mack Smith (1980).

5. Other plausible explanations can be found in Giner (1982) and Wiarda (1980). A quite different problem is to explain how and why political-economic patterns *typical* of the Southern European semiperiphery at a given time have spread to, or independently developed in, countries that cannot be defined as semiperipheral. The two most obvious examples are the spread of fascism to Germany in the 1930's and the establishment of a socialist regime in France in the early 1980's. An investigation of this issue would undoubtedly throw further light on the issues debated in this volume in general, and those discussed in this chapter in particular. However, spread of the phenomena under study to the core zone has been so exceptional and has so transformed the phenomena themselves (particularly in the case of fascism in Germany) as to justify its exclusion from a preliminary analysis such as this.

6. Once we distinguish between the sphere of conflicts among elites over state power and the sphere of conflicts among social groups and classes over the appropriation of labor power and its products, Wiarda's emphasis on the role of industrial conflict in bringing down the Caetano government (as quoted by Logan) seems appropriate. In the first sphere, the working class was not "a secondary actor" or "an occasional ally" of modernizing elites as Logan claims. It was not an actor at all. In that sphere, the working class, like any other social class, can only participate in the struggle through the intermediation of a more or less "organic" (in Gramsci's sense) elite; and there is indeed very little evidence of any such participation by proxy until after April 25. But in the sphere of social conflict, which sets the stage and the pace of conflicts in the other sphere, the labor movement was already emerging as the main destabilizing force within metropolitan Portugal before that date, and even Logan's counterevidence is not inconsistent with Wiarda's contention.

In any event, after the Flower Revolution, the labor movement became the main *social* protagonist of subsequent transformations. In this respect, Logan's description of the relationship between the labor movement, on the one hand, and the various political and military factions contending for state power, on the other hand, is reminiscent of Moore's (1966) portrait of the relationship between urban and rural movements and the struggles

among political factions in the French Revolution. Just as the happenings on the Parisian stage were ultimately determined by the ebbs and flows of the peasant movement in the French countryside, so the struggles among political factions in Lisbon came increasingly to depend on the ebbs and flows of the labor movement in the Portuguese factories.

7. On the different political histories of the transition in the four countries, see Linz (1979) and Di Palma (1980); on the different positions of the four countries in the world-economy in the 1970's and 1980's, see Murteira (1983), Lipietz (1983), and Mateus (1983).

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