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# Stability and Change in the Structures of the World Political Economy

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## Recent transformations in the global political economy: Epochal shifts or long-term evolution?

The structures of the world political economy have been extensively analyzed and debated within world-systems analysis. The existence of strong systemic forces is one of the basic features common to world-systems, world society and world polity scholars. Immanuel Wallerstein (1974a; 1974b) in his seminal work on the emergence of the modern world-system and the capitalist world-economy during the “long” sixteenth century, but also other scholars (e.g., Heintz, 1982; Braudel, 1986 [1979]; Meyer, 1987; Modelski, 1987; Chase-Dunn, 1998; Bornschier, 2002), emphasized the high level of stability in the basic structures of the world political economy over the past decades and centuries.

Over recent years, however, the world has changed profoundly. The global financial crisis of 2008–2009 that spread from the United States to other core and semiperipheral countries, together with the subsequent European debt crisis and the protracted worldwide recession, deeply affected economic, political and social structures, both at national and local, as well as world-systemic levels. High unemployment, austerity measures and cutbacks in public spending, with the consequent increase in precariousness, vulnerability, and uncertainty of large parts of the population in the crisis-affected countries, have contributed to a rise in transnational anti-systemic social movements, popular protests, and resistance from below, but also to an increase in right-wing populist, xenophobic and racist mobilization. The high levels of persistent global inequalities, social polarization and exclusion that have evolved over the past twenty years have exacerbated the extent of the present crisis. Furthermore, the sudden demise of neoliberalism in the wake of the global financial and economic crisis has left behind an ideological vacuum and a crisis of legitimacy.<sup>1</sup>

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1 The question of how global transformations impact on world societal structures has been also treated in earlier volumes of the WSF book series, see notably Herkenrath (2007a; 2007b), Suter (2010), and Suter and Herkenrath (2012).

Similarly, world political order has been increasingly characterized by conflicts over the past two decades. Western powers have been engaged in several wars in the Middle East. The “rogue” states of Iran and North Korea command a great deal of international attention. There is an increasing number of “failed” states with collapsing political institutions and state structures, notably in Africa and the Middle East, but also in Latin America. The recent Ukrainian civil war has escalated into a conflict between Russia and the European Union with the allied United States and the NATO countries. In South East Asia the smoldering conflict on regional supremacy between China and its neighbors is exacerbating. Finally, a handful of semiperipheral countries including China, South Korea, Brazil, India, and Russia continue to vie for a more central place on the world stage, and there appear to be significant factions on the UN Security Council that correspond to the divide between old and rising world powers. Thus, the world-system seems to be evolving toward an increasingly multipolar political structure in which the ability of the United States to generate hegemonic consensus and order has declined.

There is an additional feature which is unique to the current crisis: the far-reaching ecological degradation and exhaustion, the “end of cheap nature,” as argued by Jason W. Moore in his contribution to this volume, which manifests itself in rising costs for energy, raw materials, food and labor. This ecological crisis undermines, according to many authors, the basic functioning of the existing, 500-year-old model of capital accumulation.

These recent developments in the global political economy, therefore, represent for some scholars a fundamental departure from the world-systemic structures of the past. As argued by William I. Robinson in his chapter for this volume, the current crisis is a deep structural, systemic crisis, not comparable to earlier episodes of crisis in the capitalist world-economy. The fundamental contradictions, inherent to the basic model of capitalism, are leading to an epochal, secular crisis, implying the end of the existing model of capital accumulation.

According to other authors the recent changes are, on the contrary, rather similar to those that have occurred in earlier centuries (like the crisis in the 1970s, the 1930s, or the 1870s). Capitalism, according to this view, is a long-lived structure, constantly evolving through periods of crisis, characterized by adaptation, transformation and restructuration. Major crises are essential to capitalism; they mark the beginning of a new cycle of capital accumulation, but not the end of capitalism. As emphasized by Fernand Braudel (1986 [1979], 626) in his analysis of the crisis of the 1970s, “capitalism as a system has every chance of surviving . . . it might even emerge strengthened from the trial.”

## Overview of the contributions

This volume debates the paradox of stability and change, i.e., the combination of strong systemic forces and the transformation of world economic and political order over the past decades in more detail. The fourteen contributions in this volume were originally presented at the joint conference of the World Society Foundation (WSF) and the Political Economy of the World-System (PEWS) Section of the American Sociological Association held at the University of California-Riverside, organized by the Institute for Research on World-Systems (IROWS) at the University of California-Riverside, the World Society Foundation and the Department of Sociology of the University of Neuchâtel, Switzerland. The volume is organized into three parts dealing with three core issues of the structures and dynamics of world societal order: the degree of stability and change in the world-economy, in the world polity, and in the “world-ecology.”

The first of these three issues concerns the changing nature of global economic and social hierarchies, notably trends in income and wealth inequalities, as well as the transformation of the core-semiperiphery-periphery structure, but also the dynamics of ascriptive inequalities linked to gender, race, and location.<sup>2</sup> The second core topic refers to the degree of stability and change in world political structures, notably the transformation of global power structures, processes of political globalization and their impacts, the rise of social and political conflict and antisystemic movements, as well as the increase or decline in democratization. The third issue, finally, deals with the integration of ecological change into the theory of global economic and political transformation; this means theoretizing and conceptualizing “world-ecology” including its relationships with the world-economy and the world polity, as well as providing corresponding empirical evidence.

The first part of this volume addresses the world economic (re)structuring and contains six chapters. These contributions deal with the central dimensions of the global stratification system and its evolutionary dynamics, namely global income inequality and occupational stratification (the three chapters by Babones, Albrecht and Korzeniwick, ElGindi), global wealth inequality (the chapter by Chesters), gender inequality (the chapter by Dunaway) and the complex relationships between racial, spatial and locational inequalities (the chapter by Reifer).

The chapter by *Salvatore J. Babones* investigates the degree of structuring and stability of relative income positions since the early nineteenth century. He demonstrates that there has been extraordinary stability of income inequality structures across eight world regions, with virtually no change in relative income positions between 1820 and 2008. Babones approaches the issue of structural persistence

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<sup>2</sup> A second forthcoming conference volume deals with additional aspects of global inequalities and the challenges involved from a world historical perspective (see Wallerstein et al., 2014).

in (regional) income positions in more detail by applying entropy-based conceptualizations and “Monte Carlo” modeling. His simulations for 104 countries over the period 1972–2010 point to the importance of two different types of structural forces: the structural equivalence model (structures remain relatively fixed) and the regular equivalence model (mobility within and changes in structures are possible). His simulation of regional income growth for the historical period 1820–2008 of the eight world regions further suggests that, despite the high degree of structuring, mobility is greater than would be expected by entropy models. The empirical evidence presented by Babones illustrates the potential of entropy-based methods for gaining a better understanding of the degree of stability and change in world-system structures.

Exploring patterns of urban wages across the different world regions, the chapter by *Scott Albrecht* and *Roberto Patricio Korzeniewicz* examines trends in income inequality between and within countries from 1982 to 2012, and investigates the impact of the global financial and economic crisis of 2008 on the global occupational stratification system. Based on unique data provided by the Union Bank of Switzerland, the authors reconstruct urban wages of twelve different occupational categories ranging from unskilled labor to engineers and managers for more than seventy cities all over the world. The empirical evidence demonstrates the extremely high level of inequality and polarization of contemporary world society and confirms the prime importance of (national) residence for explaining wage differences. The chapter shows that, despite considerable mobility of wages in the lower part of the global urban wage stratification system, there has also been high stability of structures in the sense that there are very few changes in relative income positions. The authors explain this paradox of high (relative) stability and substantial (absolute) mobility by the large salary gaps between cities. Notable exceptions, however, are the Chinese cities (as well as some other cities in fast-growing middle income countries) that experienced significant (relative) upward mobility and contributed to a certain convergence in the global occupational stratification system. This convergence, however, slowed down in the years following the global economic recession in 2008.

The chapter by *Tamer ElGindi* examines the trends in income inequality in fifteen African and Asian Muslim-majority countries between 1963 and 2002 and explores how economic globalization, notably foreign direct investment and foreign trade openness, has affected these trends. The empirical evidence presented by the author suggests rising income inequalities in most countries, with an average increase in the Gini coefficient from .41 in 1970 to .46 in 2000. Based on fixed-effects regression models, the chapter confirms that economic globalization (and foreign direct investment in particular) has the effect of increasing inequality in the Muslim world, as documented in previous research focusing on other world regions. Furthermore, ElGindi’s analysis demonstrates that, in addition to these external factors, internal factors, notably secondary education enrollment and sectoral transitions—i.e., the

classical argument of Kuznets on the inverted U-curve of economic inequality—are important predictors of increasing income inequality.

Comparing three core countries (the United States, the United Kingdom, Germany) with three semiperipheral nations (India, Russia, China), the chapter of *Jenny Chesters* tracks changes in the distribution of global wealth over the past twenty-five years utilizing Forbes data on global billionaires. The chapter demonstrates, on the one hand, the dramatic increase in global wealth held by billionaires, particularly during the 1990s and between 2003 and 2008. On the other hand, Chesters' analysis indicates a substantial decline in the share of global billionaires residing in the three core countries and a consequent increase in billionaires residing in the three semiperipheral countries—regarding both the amount of wealth held and the number of global billionaires. This changing pattern in the distribution of top wealth between core and semiperiphery took place particularly during the 2000s. The source of wealth of the semiperipheral global billionaires varies considerably: whereas Russian billionaires derived their fortunes principally from raw materials (mining, oil, gas), Chinese and Indian billionaires derived them mainly from manufacturing and technology. The chapter finally highlights the high geographical mobility of (semiperipheral) billionaires' wealth, documented notably for the United Kingdom, where more than half of the billionaires are immigrants. While this relocation of semiperipheral capital to the core may reinforce the stability of the core-semiperiphery-periphery stratification system in the short and medium term, it illustrates at the same time the vulnerability of single states—including core states—and their dependence on global capital.

The chapter by *Wilma A. Dunaway* situates global social and economic inequalities within the context of gender hierarchies which are examined from an entropy- and world-systems-theory-based perspective. As demonstrated by Dunaway, gender inequality and sexism are firmly embedded at every level and in the different spheres of contemporary world society—including knowledge production in general and world-systems theory in particular. Dunaway reminds us that the modern world-system has been based on gender hierarchies since its origins, transferred from feudalism and continuously adapted and modified in the course of capitalist accumulation over the past centuries. The economic and cultural devaluation, marginalization, and informalization of women's and household-based work (and the consequent expropriation of surplus) are central structural characteristics and systemic mechanisms of the modern world-system generating and accumulating gendered entropy. Dunaway points in her chapter to the friction between the increasingly individualistic approaches of Western feminism and the problems facing women in the global South; this friction inhibits the dismantling of the "arrow of women's time" and the emergence of new structures for a future egalitarian world.

The contribution of *Tom Reifer*, the last chapter of the first part, brings together recent theoretical and empirical studies on the evolutionary dynamic of the modern world-system with a focus on the various closely intertwined global stratification

and polarization processes, notably the division into core, semiperipheral and peripheral zones, the racial-ethnic, national, gender, and class disparities, but also ecological degradation and polarization. The author emphasizes the centrality of the intersections between the different inequality structures and mechanisms and points to the growing awareness among anti-systemic and collective-action movements of the inseparability of questions like global justice, political democracy, equality, and sustainability.

The second part of this volume includes six chapters exploring the degree of stability and change in the world polity. These contributions address the issue of geopolitical power structures and hegemonic transition (notably the chapters by Bergesen, Hendler and Brussi, MacPherson), processes of political globalization and their impacts (the chapter by Roberts), waves of social and political conflict and of the mobilization of antisystemic movements (notably the chapters by MacPherson, Roberts, and Robinson), as well as processes of decreasing (“nominal”) democratization and increasing authoritarianism (the chapters by Chung and Robinson).

Based on new historical research on World War II the chapter by *Albert J. Bergesen* reconsiders the process of hegemonic transition between 1914 and 1945 and explores scenarios of future great power conflicts. In reassessing the history of great power conflicts and hegemonic succession wars in the modern world-system, the author emphasizes the importance of two different logics: first, one underlying land power wars (like the Thirty Years’ War of the seventeenth century or the World War II conflict between Germany and the Soviet Union from 1941–1945) and, second, one underlying sea power succession (like the Anglo-Dutch Wars of the seventeenth century or the World War II conflict between Imperial Japan and the United States from 1941–1945). According to Bergesen only wars among sea powers, and not those among land powers, are conflicts related to hegemonic succession within the capitalist world-system. Against the background of the different dynamics of land and sea power conflicts, the chapter concludes by exploring three possible scenarios of future global conflict: firstly, great power conflicts among land powers (i.e., China vs. Russia, Germany and Russia vs. China, Germany vs. Russia); secondly, hegemonic succession conflicts among sea powers (i.e., China vs. the United States), and thirdly, conflicts between sea and land powers.

The relationship between declining and rising hegemonic powers is explored in the chapter by *Bruno Hendler* and *Antonio José Escobar Brussi*. Based on Giovanni Arrighi’s approach of systemic cycles of accumulation, the chapter conceptualizes the complex U.S.-Chinese relations that evolved over the past forty years as a relationship between a declining hegemon and an associated emerging power. The authors demonstrate that the U.S.-Chinese relationship became progressively less asymmetric and developed into a relation of “mutual dependence in balanced terms” characterized by deep economic vulnerabilities between the two countries. Comparing the current hegemonic transition to past transitional periods in the modern world-system—i.e., the hegemonic transition from the United Provinces to



Britain in the late seventeenth century and the transition from Britain to the United States in the early twentieth century—the authors find analogies (like processes of financialization and high military spending of the declining hegemonic power, as well as relative economic gains of the rising power) but also differences, notably, the high level of economic vulnerability of contemporary China (as the rising hegemonic power) to the United States.

Periods of hegemonic decline and transition are also used as a comparative framework by *Robert MacPherson*. In his chapter the author examines and compares syndicalist mobilization and the rise of antisystemic movements during the 1920s, at the end of British hegemony, with those during the 2000s, at the end of U.S. hegemony. The chapter describes the rise of syndicalist mobilization and the surge of social and political protest in the early 1900s in Europe and Latin America and demonstrates the subsequent institutionalization and cooptation of these movements in the wake of increasingly interventionist and reformist policies of the liberal state. The erosion of this “interventionist liberalism” and the related demise of institutionalized unionism that characterized the flexible and neoliberal model of capital accumulation during declining U.S. hegemony paved the way for the rise of a new, widely-coordinated, popular mass movement, particularly in the highly indebted, crisis-affected semiperiphery of Southern Europe. In addition to various “new social movements,” global justice networks, anti-globalization and anti-austerity protest movements, syndicalist organizations, too, were involved and have often been at the forefront of this recent wave of popular mobilization.

The chapter by *Anthony Roberts* examines direct and indirect effects of economic and political globalization on corporatism and industrial conflict in the industrial relation systems of eighteen advanced capitalist countries over the past forty years. The chapter demonstrates that the level of industrial conflict and corporatism declined on average over the past decades, particularly since the 1980s. Variation in corporatism across the same countries, however, has steadily increased over the same period (whereas variation in industrial conflict has decreased). Based on panel data analysis applying fixed-effects and random-coefficient models, empirical evidence presented by the author suggests that economic globalization indirectly reduces corporatism and industrial conflict, notably through processes of deindustrialization and deunionization which have diminished the bargaining power of organized labor. As further demonstrated by the author, political globalization, too, significantly impacts on corporatism and industrial conflict: participation in inter-governmental organizations and ratifications of International Labour Organization conventions are associated with declining industrial conflict and corporatism. Economic and political globalization effects are, however, not homogenous across countries but vary considerably.

The chapter by *Rakkoo Chung* examines processes of democratization in the global South over the past decades by comparing the transition to democracy in South Korea and in Nigeria. Employing an elite conflict theory framework, the

chapter conceptualizes this transition process as “nominal democratization” characterized by the paradox of an increase in formal democratic rules and institutions and a decrease in the quality of democracy. The chapter reveals the similarities and differences in the democratic transition of these two semiperipheral countries: while democratization in both countries eventually resulted in a low-level, “nominal” democracy, the South Korean transition process was driven from below by democratization movements (which, due to elite resistance, however, did not fully succeed), whereas the Nigerian democratization was largely elite-driven. The chapter emphasizes the responsibility of core countries, notably the United States (concerning South Korea) and the United Kingdom (regarding Nigeria) in this connection, as they installed and supported low-quality, nominal democracy in order to secure their own economic and geopolitical interests.

Exploring the mechanisms of, and the responses to, the global crisis of contemporary world capitalism, the chapter by *William I. Robinson* highlights the current shift towards increasingly authoritarian and repressive forms of global and national political order. Employing Poulantzas’ notion of the “exceptional state” of the 1970s, Robinson conceptualizes the current state of world affairs as a “global police state” characterized by new forms of fascism, the militarization of society and “law and order” policy, including massive prison expansion (as a result of the “war on drugs,” the “war on terrorism,” and the criminalization of the poor and dispossessed), and the expansion of systems of panoptical surveillance, spatial and social control based on the new information technologies. Robinson reminds us that this shift towards social control and authoritarianism has to be placed in the context of the current deep crisis of hegemony at the world-systemic level and the consequent increasing mobilization of counter-hegemonic forces and transnational antisystemic movements.

The third part of this volume includes two chapters dealing, from a world-systems perspective, with conceptualization and measurement issues of global ecological transformation, including its impact on the structures of the world political economy.

The chapter by *Jason W. Moore* explores the implications of the end of cheap nature and proposes a concept for integrating environment and nature into the theory of capital accumulation. As emphasized by Moore, the appropriation of cheap nature represents a basic structural feature of the modern world-system since its origins, over all consecutive waves of capital accumulation and technical innovation. Frontier movements, i.e., territorial expansion and the extension of commodity relations to new spaces, have been essential in creating the four basic forms of cheap nature: cheap labor, cheap food, cheap energy and cheap raw materials. Moore points to the basic problem of capitalism which he describes as the exhaustion of these forms of cheap nature, resulting in a decline in the ecological surplus and consequent pressure to extend frontiers and to appropriate new uncommodified cheap natures. The chapter discusses the question of whether the current crisis of the capitalist world-ecology is just a “development crisis,” i.e., a cyclical phenomenon which



may be resolved, as in the past, through a new model of capital accumulation, or whether capitalism has entered into an epochal crisis, implying the end of cheap nature as an accumulation and civilizational strategy. The rising costs of energy, raw materials and food, but also of labor, in combination with fast closing frontiers, suggest, according to the author, a secular crisis of capitalism's cheap nature strategy.

Unequal access to the consumption of natural resources constitutes an important, but rarely treated, dimension of the stratification system of contemporary world society. The chapter by *Carl Nordlund* provides a conceptualization of ecological unequal exchange combining world-system and global commodity chain analysis with ecological economics. Employing the original notion of Arghiri Emmanuel, the chapter proposes a conceptualization of ecological unequal exchange that is based on factor cost differentials among nations, rather than on the typically used non- or under-compensated net transfers of biophysical resources. Furthermore, Nordlund based his operationalization of unequal exchange on direct indicators measuring actual trade flows, rather than on indirect indicators of resource usage and environmental burden. Using network-analytical procedures (blockmodeling), the analysis of bilateral trade flow data for 96 countries between 1990 and 2010 for three commodities representing the land production factor (coal, crude oil, and liquefied natural gas) reveals eight country clusters. The cluster mostly composed of high-income European countries (including Australia, Canada and Japan) and fast-growing middle-income Southeast Asian countries (e.g., China, Hong Kong, Korea, Singapore) enjoys a highly advantageous situation. Surprisingly, the position of the United States, though benefiting from unequal exchange, is less advantageous. The other countries, including most African, Latin American, East European, and Middle Eastern countries, suffer from disadvantages with regard to ecological unequal exchange. Furthermore, the commodity-specific analysis reveals considerable variation in the benefits and disadvantages across the eight country clusters.

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