

Transnational processes, development studies and changing social hierarchies in the world system: a Central American case study

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ABSTRACT *Globalisation is bringing about changes in social hierarchies in the world capitalist system which traditional categories and frameworks in development studies and macro-sociologies are unable to capture. Under globalisation processes of uneven accumulation are unfolding in accordance with a social and not a national logic. The increasing subordination of the logic of geography to that of production and the rising disjuncture between the fortunes of social groups and of nation-states, among other processes, demand that we rethink development. The social configuration of space can no longer be conceived in the nation-state terms that development theories posit but rather as processes of uneven development denoted primarily by social group rather than territorial differentiation. Social polarisation, the fragmentation of national economies, and the select integration of social groups into transnational networks, suggest that development may be reconceived not as a national process, in which what 'develops' is a nation, but in terms of developed, underdeveloped and intermediate population groups occupying contradictory or unstable locations in a transnational environment. The shift to flexible accumulation worldwide and from an international to a global division of labour result in an increasing heterogeneity of labour markets in each locale. Labour market participation becomes a key determinant of new social hierarchies and of development conceived in social groups terms. Local and national labour markets are themselves increasingly transnationalised, part of a global labour market, in which differentiated participation determines social development. This article applies these propositions to a case study of Central America, examining the changing fortunes of one particular region under global capitalism and the lessons it offers for changing social hierarchies in the world capitalist system and for a renewal of the sociology of development.*

I will argue in this article that globalisation is bringing about changes in social hierarchies in the world capitalist system which traditional categories and frame-

works in development studies and world system theory are unable to capture. In particular, I will argue that recent changes compel us to move from a geographic to a social conception of development. Scholars are certainly aware of the challenge to extant paradigms represented by globalising processes. Development sociology, for instance, is said to have reached an 'impasse' in the 1980s, from which it has yet to find the way forward, even though the social processes that we refer to as 'development' have certainly not ground to a halt.¹ I have argued elsewhere that the way out of this 'impasse' is to break with nation-state centred analysis, that globalisation has exposed the limitations of extant paradigms that take nation-states as units of analysis for development and for social hierarchies in the world system.²

The increasing subordination of the logic of geography to that of production and the rising disjuncture between the fortunes of social groups and of nation-states, among other processes bound up with globalisation, demand that we reconceive development. The empirical evidence of the growing gap between North and South is well known, but so too is that indicating a dramatic widening of the gap between the rich and poor within countries, which suggests that the processes of uneven accumulation are unfolding in accordance with a social and not a national logic. This social polarisation, the fragmentation of national economies and the select integration of social groups into transnational networks, suggest that we may rethink development not as a national process, in which what 'develops' is a nation, but in terms of developed, underdeveloped and intermediate population groups occupying contradictory or unstable locations in a transnational environment. A theme I wish to highlight in this regard is that the shift to flexible accumulation worldwide and from an international to a global division of labour—processes bound up with globalisation—result in an increasing heterogeneity of labour markets in each locale. Labour market participation becomes a key determinant of new social hierarchies and of development conceived in social groups terms. Yet local and national labour markets are themselves increasingly transnationalised, part of a truly global labour market, in which differentiated participation determines social development.

But reconceiving development as a transnational or global phenomenon does not as a matter of course mean that space has become irrelevant. It is in the nature of global capitalism to create uneven spaces, if only because of the mapping of functions onto space within the system. Instead, the social configuration of space can no longer be conceived—if indeed it ever could be—in the nation-state terms that development theories posit; rather it must be conceived as processes of uneven development denoted primarily by social group rather than territorial differentiation. Here the focus becomes how accumulation processes that are no longer coextensive with specific national territories determine level of social development among a global population stratified increasingly along transnational class and social lines rather than along national lines. Geography still remains important, but how far is open to question. How may we specify the changing relationship between space and development? Is the tendency for the self-reproduction in the global division of labour countered by processes bound up with globalisation?

These are open-ended questions and I do not purport to answer them here,

much less to claim to move beyond the 'impasse' in the sociology of development. This is an exploratory article that builds on earlier research. The objective is to examine the changing fortunes of one particular region under global capitalism—Central America—and to explore what the experience of this region tells us about changing social hierarchies in the world capitalist system and what lessons it offers for a renewal of the sociology of development. The supposition is that a focus on regional experiences in the global economy, such as Southeast Asia or Central America, may shed some further light on the conceptual and theoretical issues regarding development and globalisation. Much of the article is concerned with examining Central America's changing relationship with the global system. It explores the region's current rearticulation to the global economy and generalisations we may draw from that experience. My interest here is as much as a Central Americanist concerned with globalisation and development in that region, as it is as a macro-sociologist concerned with discerning the general in the particular and with the larger world dynamics and macro-structural processes that inform social change in the region. In this undertaking, I privilege structure in motion; it is essential in this age of globalisation that we engage in a dialectical thinking that shines a spotlight on transformative processes, or the diachronic, over the static, or the synchronic.

The tempo of social change in Central America is accelerating in the current epoch. In recent decades diverse social agents from within and from afar have struggled to come to grips with new sets of social structure only to see these become undone and antiquated before they could become fully comprehended. In the half century since World War Two the region has undergone three periods of transformation: rapid capitalist modernisation from the 1950s to the 1970s, followed by regional conflict and revolutionary upheaval into the early 1990s, and now a season of neoliberal restructuring which is already showing signs of exhaustion. The proposition here is that globalisation has exercised ultimate structural determination in Central America's recent past, and that the current dynamics of change can be framed within the region's rearticulation (or reinsertion) to the world capitalist system. Seen in this light the current historic process in Central America can be summarised as the Isthmus's conflictive, contradictory and open-ended integration into the emergent global economy and society. This general proposition has been advanced elsewhere.³ Here I wish to explore in more detail related concepts of a rearticulation to world capitalism, of regional profiles in the global economy and changing social hierarchies in the world system, among others.

The article is divided into four parts. The first discusses my conception of globalisation as epochal change and as the backdrop to understanding Central America's recent past and present. The second examines the region's previous articulations to world capitalism. The third takes a look at the current rearticulation and at what elsewhere I have termed a new transnational model of accumulation. The fourth and final section returns to the questions raised above, including generalisations we may draw from the Central American experience regarding development, social hierarchies and transnational processes.

Globalisation as epochal change

Globalisation as a historic process rather than an event represents *not* a new social system but a qualitatively new stage in the evolution of the system of world capitalism.⁴ It involves agency as much as structure even though it is *not* a project conceived, planned and implemented at the level of intentionality. As process at the structural level it elicits the response of social forces in manifold ways that feed back into the process. The contours of globalisation are thus continually shaped and reshaped through the dialectical interplay of structure and agency, just as the process of globalisation is itself the outcome of the particular way in which structure and agency interacted in earlier periods.

Globalisation represents an *epochal shift*. It involves changes of *systemic* importance: fundamental worldwide changes in social structure that modify and even transform the way that the system in which we live functions. This is the fourth epoch in modern world history. The first was ushered in with the birth of capitalism out of its feudal cocoon in Europe, and its outward expansion. This was the epoch of mercantilism and primitive accumulation, what Karl Marx referred to as the 'rosy dawn of the era of capitalist production'. The second, competitive, or classical, capitalism, was marked by the industrial revolution, the rise of the bourgeoisie, and the forging of the nation-state. This epoch spanned what Eric Hobsbawm in his seminal historical works calls the age of revolution, capital and empire. The third was the rise of corporate ('monopoly') capitalism, the consolidation of a single world market and the nation-state system into which world capitalism became organised. The first epoch ran from the symbolic dates of 1492 through to 1789, the second to the late 18th century, and the third into the early 1970s. Globalisation as a fourth epoch represents a transition from the nation-state phase of capitalism to a qualitatively new transnational phase. A single headquarters for world capitalism had become untenable as the process of transnational market, financial and productive integration proceeded. The core of globalisation, theoretically conceived, is the near culmination of a centuries-long process of the spread of capitalist production around the world and its displacement of all pre-capitalist relations ('modernisation')—what Istvan Meszaros calls 'the end of capital's historical ascendancy'.⁵

Each epoch has therefore seen a successive expansion of world capitalism over the preceding epoch that has deepened webs of relations and progressively broken down local and regional autonomies. Each wave has also seen the establishment of sets of institutions that made this expansion possible and organised long-term cycles of capitalist development. From Westphalia into the 1960s capitalism unfolded through a system of nation-states that generated concomitant national structures, institutions and agents. Globalisation has increasingly eroded these national boundaries, and made it structurally impossible for individual nations to sustain independent, or even autonomous, economies, polities and social structures. A key feature of the current epoch is the supersession of the nation-state as the organising principle of capitalism, and with it, of the inter-state system as the institutional framework of capitalist development. Globalisation, in the process of creating a single and increasingly undifferentiated field for world capitalism, integrates the various polities, cultures and institutions

of national societies into an emergent transnational or global society.

Globalisation has involved a profound and comprehensive restructuring of the world productive apparatus, including the nature of the world production process and of work; the international division of labour; the worldwide circuits of distribution and exchange; the flow of values; and consumption. There has been a transition from the linkage of nations via commodity exchange and capital flows in an integrated international market, in which different modes of production were 'articulated' within broader social formations, to the globalisation of the process of production itself. Nations were linked together in the earlier epoch into a larger world system via trade and financial flows. This was a *world economy*. The process of production itself is now becoming transnationalised and the world economy is giving way to a *global economy*. Changes in technology, particularly the communications and information revolution, and in transportation, marketing, management, automation, and so on, have made it possible for capital to achieve global mobility and to organise world production in accordance with the whole gamut of factor cost considerations. The spread of transnational corporations as agents of the global economy also enters the picture. Transnational capital is carving out a new global economic space. The dissolution of the factor of space in production or the separation of the logic of production from that of geography, what Harvey has called 'time-space compression', is without historical precedence.⁶

Economic globalisation brings with it the material basis for the emergence of a singular global society, marked by the transnationalisation of civil society and political processes, the global integration of social life, and a global culture. Global capitalism is not a collection of 'national' economies but the supersession through transnational integration of 'national' economies understood as autonomous entities related through external exchanges to other such entities. The nation-state is no longer the institutional framework or 'container' for such processes as capital accumulation, class formation or—of particular concern here—development. If capitalism's earlier development resulted in geographic location, the creation of the nation-state system, and the rise of development theory, then its globalist stage is resulting in a general geographic dislocation.

A key aspect in the globalisation process is transnational class formation. Superimposed on the proletarianisation process around the world in recent decades has been the transnationalisation of classes. Class 'fractionation' is occurring along a new national/transnational axis. Transnational fractions of local elites have ascended politically in countries around the world, clashing in their bid for hegemony with nationally based class fractions. They have increasingly captured local states—or key institutions within those states, such as central banks and foreign ministries—and used national state apparatus to advance globalisation. An increasingly class-conscious transnational capitalist class has become a hegemonic class fraction globally.⁷ It has drawn transnationalised fractions of local ruling classes into its ranks and at its apex is a transnational managerial elite. The transition from the nation-state phase to the new transnational phase of world capitalism also involves the reorganisation of the state in each nation and the rise of truly supranational economic and political institutions that begin to acquire the characteristics of a transnational state.⁸ These supra-

national organisations staffed by transnational functionaries act as midwives of globalisation. The International Financial Institutes (IFIs)—truly supranational planning institutes of the global economy—coordinate (impose) the process in each country and region of adjustment and integration into globalisation.

The transnational elite has since the 1980s been promoting a 'transnational agenda' of polyarchy and neoliberalism.⁹ Polyarchy and neoliberalism are political and economic components, respectively, of global capitalism. Transitions to polyarchy represent adjustments of political structure to the economic changes brought about by capitalist globalisation.¹⁰ The type of flexibility in the exercise of social control, the mechanisms of intra-elite conflict-resolution, compromise and consensus building, and the superior prospects it offers for the hegemonic incorporation of subordinate groups, makes polyarchy a more appropriate political system than authoritarianism for capitalist modernisation in the current epoch. In turn, the integration of national productive structures into emergent globalised circuits of accumulation requires a 'liberal world order' or a global policy regime that breaks down all national barriers to the free movement of transnational capital between borders and permits the free operation of capital within borders. The global economy cannot function without a harmonisation of national fiscal, monetary, exchange, budgetary, industrial, labour and other macroeconomic policies. Structural adjustment programmes attempt to restore macroeconomic equilibrium. (In the larger context disequilibrium is itself a consequence of the breakdown of earlier national accumulation structures as globalisation advanced.)

But beyond this immediate dimension, neoliberal structural adjustment is a mechanism for adjusting each national economy to the global economy. These programmes seek to renew accumulation by restoring internal conditions of profitability—conditions now determined by compatibility of the local with the global environment. Economic reactivation in each adjusted country is achieved through the introduction or expansion of activities linked to the global economy and the integration of 'national' accumulation circuits into globalised circuits. The adjustment programme creates the policy environment and the market signals for a shift in resources to external sectors. By synchronising each national economic environment to an integrated global economic environment, neoliberalism is the policy 'grease' of global capitalism. It keeps the gears of the system in synch with one another. Disequilibrium or breakdown in individual gears can upset the smooth functioning of the whole system.

Previous waves of capitalist expansion and articulation to the world economy

Epochal changes in the system of world capitalism have involved concomitant changes in each region incorporated into the system. Now, globalisation has profound transformative effects on every country and region. National and regional productive apparatuses are fragmented, restructured and integrated into the emergent global productive apparatus. The global economy involves a new international division of labour, or more accurately, a global division of labour (GDL). Each country and region acquires a new profile as components of a

globally integrated economy; the form of this profile is determined by sets of historic factors and by certain configurations of social forces, as well as by contingent variables, natural and human resources with which each region is endowed, and so on.

Such 'economic regionalism', in which different regions acquire profiles in a changing GDL, is best seen as a fluid rather than a fixed structure and as a transitional parenthesis between decaying national productive systems and the further fragmentation and spatial reorganisation of emerging global production systems. Different regional contributions to the GDL tend to form part of global commodity chains, or globally dispersed and decentralised production processes. Specialisation in the world economy, rather than specialisation of economic activities within a national framework, notes McMichael, began to emerge from the 1970s onwards as the criterion of development.¹¹ The basis of 'economic regionalism' is the fragmentation and functional integration of constituent elements of globalised production processes. 'The technical division of labor associated with the hierarchies of the global production system now overlays the social division', notes McMichael. 'Instead of countries specializing in an export sector (manufacturing or agriculture), production sites in countries specialize in a constituent part of a production process spread across several countries. The global decentralization and fragmentation of production process indicates a shift from the production of national products to the transnational production of world products.'¹²

Beginning in the 1980s Central America began a rearticulation to the world economy, more specifically, an integration into the emergent global economy and society and a new profile within the GDL. The region has gone through three 'waves' of capitalist expansion and articulation to the world economy. Each expansion of the world economy has produced a rearticulation of Central America to it, including the transformation of social forces and the restructuring of economies, classes, states and power blocs. Each expansion period has been shorter than the previous, indicating the increased rate of change worldwide under capitalism. The first wave, based on coffee and bananas, ran from the 1870s until it entered into crisis in the 1930s. The second, based on a new set of agro-export products and import-substitution industrialisation (ISI) through the Central America Common Market (CACM) became established in the 1950s-60s and entered into crisis in the 1980s. The third is based on a new set of initiatives. Before turning to the current rearticulation, let us review the earlier ones.

Central America was first created and inserted by colonial conquest into world capitalism through the mercantile system of the Spanish empire. This period in Isthmanian history corresponds to the first epoch in modern world history discussed above, mercantilism and primitive accumulation. Following independence in 1821 the old colonial model largely continued under the domination of the old creole landowners and new mestizo property owners. The absence of any systematic activity of economic importance that could link the region to the world economy accounts for the very retarded development of the regional class structure, political institutions and the state. Coffee production, introduced in the second half of the century, launched the first stages of capitalist development in Central America and provided the basis for the emergence of an internal social

force that could achieve hegemony and establish effective state institutions. The region's definitive insertion into the world market brought to the fore a new social group that displaced, in an often violent struggle, the conservative and ecclesiastic authorities who were the inheritors of the old colonial order. The emergent coffee oligarchy ushered in the period of the 'Liberal Republics', setting in motion an incipient process of capitalist development and establishing what Edelberto Torres Rivas has termed 'agro-export societies'.¹³ Central America went from insertion into the Spanish mercantile empire to a deeper and more autonomous—that is, market- rather than politically regulated—integration into the world economy in the classic manner as a region providing raw materials for the centres of world capitalism. This period in the Isthmus's history corresponds to the second epoch discussed above: competitive, or classical, capitalism.

The expansion of production for the world market spurned infrastructural projects which contributed to national formation. The creation of a juridical structure and coercive apparatus to assure capitalist property rights and enforce labour supply led to state formation. The coffee growers became a political oligarchy, organised in extended family networks and political parties that expressed the organic alliances among these networks. The hacienda was the unit which set the general pattern for the social relations of production. The scarcity of labour led to a system of coercive labour supply utilising various mechanisms to subordinate the masses of alienated Indians and mestizos. Expansion of the system in the 19th and first part of the twentieth century aggravated but did not alter its semi-feudal, semi-capitalist character. The transformation of these relations would wait until the capitalist boom of the 1960s and 1970s.

The contradictions and weaknesses in the 'agro-export societies' became apparent as world depression led to crisis in the 1930s. As contradictions heightened, the social order was threatened from above by intra-elite rivalries and from below by peasant and worker movements that developed in all of Central America. However, ironically the very underdevelopment of the exchange economy allowed the oligarchy to survive the worse crisis of world capitalism's history, despite political instability and mass social conflict. It was not until after World War Two that market penetration would undermine the natural economy, and not until the end of the 1980s that the bulk of the rural population had become fully drawn into the capitalist economy. Capitalist development following World War Two into the 1970s included an expansion of the agro-export sector, particularly the large-scale introduction and/or extension of beef, cotton and sugar alongside traditional coffee and banana production, and dependent industrialisation in the framework of the CACM and the ISI model, essentially a strategy of national accumulation.¹⁴ This expansion was linked, in turn, to the dramatic period of post-World War Two world economic growth, including expanded demand in core country markets for raw materials to feed industrial expansion and rising consumer demand. We can associate these regional changes with the third epoch discussed above, that of corporate capitalism.

New middle classes emerged through the transformation of handicrafts and secondary trade, the expansion of services, the formalisation of merchant activity and state sponsored education. Pressures for industrialisation came internally

from these new modernising sectors. Pressures came externally from the drive at the cores of world capitalism to capture local consumer markets and to expand Third World markets for its capital goods, technology and loans, reflective of the changes in the international division of labour that emerged with the postwar boom in world capitalism. The dominant power bloc was again reorganised to accommodate the newly created industrial, commercial and financial elites and new capitalist planters spawned by industrialisation, along with a bureaucratic elite, and the diversification and expansion of agro-exports that took place after World War Two, as part of the region's rearticulation to a world economy at a moment of dramatic expansion.

However, political and economic structures were not synchronised. Oligarchic political structures remained in place. Oligarchic domination was the organic expression of the actual socioeconomic structure. It was the outcome of an intense period of class and social struggle in the region between the two World Wars, and particularly the 1930s crisis of world capitalism. These structures performed the contradictory functions, on the one hand, of containing popular and middle sectors and maintaining internal social order and, on the other, of constraining full capitalist development. The persistence of these structures meant a sharp disjuncture between oligarchic power and politics, and the material and social change brought about by capitalist development. The political system had to be made compatible with the economic changes. The old militarised oligarchic political structures had to be destroyed. And they were.

In the dialectical approach, the new germinates out of the contradictions manifest within the old. Social structures are constructed and constantly reconstructed through the struggles of diverse social forces. Sets of structures usually become stabilised during periods of equilibrium, or stalemate, among contending social forces, and then unravel as internal contradictions mature and give way to new upheavals. From the 1960s onwards the post-World War Two social structure in Central America could not be reproduced and began to unravel. As Carlos Vilas notes, this was a period of very rapid and successful capitalist development in the Isthmus. The massive dislocations brought about by capitalist development and the new sets of social contradictions, rather than the lack of changes and development, spawned social crisis and political and later the military conflict.¹⁵ As foreign capital poured into Central America in the 1960s and 1970s, as part of the CACM, it integrated the region into the emergent global economy, displacing the peasantry and local artisans, and creating new capitalist fractions opposed to the 'crony capitalism' of the oligarchies. All this laid the structural basis for the social upheavals of the 1970s and 1980s. It was the exhaustion of the model of accumulation built on the third reinsertion, together with an antiquated political system which was unable to provide a flexible response to structural changes, that led to the regional conflagration of the 1980s.

The task of destroying the oligarchic structures fell to popular and revolutionary movements which in the process sought a more radical social transformation from the bottom up, a possibility opened up by the very tenacity of these structures and the inability of the bourgeoisie and middle classes to modernise society. The dialectic of revolution and counter-revolution nudged these 'modernising' classes into their own anti-oligarchical and counter-revolutionary

project only when the world conditions presented by globalisation made a process of modernisation both possible and necessary. As Elizabeth Dore and John Weeks argue, the revolutionary movements mustered the social forces to destroy the old order in Central America definitively and to remove the obstacles to capitalist development.¹⁶ However, capitalist development from the 1980s and on was now predicated on another rearticulation to the world capitalist system.

As the regional conflict unfolded in the 1970s and 1980s, on the surface it appeared as a bipolar contest between the old oligarchies and the popular revolutionary movements. But, in fact, globalising dynamics had begun to have a transformative effect on local social forces. A New Right gradually cohered in the 1980s into local transnationalised fractions of dominant elites and acquired its own political protagonism. Its project was to advance the agenda of the transnational elite. This transnational fraction was not a group that came into being from outside the traditional oligarchy but from within, from the same family networks. The New Right's prospects for accumulating further wealth and privilege, however, were less linked to restoring the traditional agro-exports and industries under pre-1980s social relations, than to converting the region into a new export platform. The New Right sought to submit backward oligarchic property relations to a capitalist modernisation through a programme of neo-liberal restructuring and to a new 'competitive' insertion into the global economy. The New Right project sought to modernise the state and society without any fundamental deconcentration of property and wealth, and without any class redistribution of political and economic power. It also promoted, together with the USA, transitions from authoritarian to polyarchic ('democratic') political systems. The immediate aim was to pre-empt the movements for a more far-reaching popular democratisation through immediate polyarchic reform, such as the replacement of military by civilian personnel, and 'demonstration elections'. But beyond this conjunctural consideration, any renewal of capital accumulation in the region would require a political system with the promise of achieving more lasting social stability through consensual modes of social control rather than through the old oligarchic dictatorships. Developing viable polyarchic political systems involved demilitarisation, peace negotiations, the institutionalisation of procedurally correct electoral processes, states with a functional separation of powers, and so on.

The revolutionary movements succeeded in breaking the hegemony of the landed oligarchy and rich industrialists and financial groups that had come into existence within the CACM. However, thanks to a complex confluence of factors, these social forces were unable to impose and stabilise their project of a radical redistributive and socialist-orientated reconstruction of the region. One of these factors was massive US intervention. A second was the contradictions and weaknesses internal to the revolutionary project itself in the context of a changing world order. At the structural level the emergence of the global economy and the growing power of transnational capital and the world market to impose discipline on anti-systemic movements made the revolutionary project unviable. A third was the changing composition of the dominant classes, their socioeconomic articulation, and their political-ideological project. These three factors cannot be separated; they are internally related and should be seen as different dimensions

of a process whose structural determinacy was the emergence of the global economy and the influence of globalising pressures on the complex set of regional agents and social, economic and political structures.

The emergence of the neoliberal New Right in the 1980s in each of the Central American countries was thus, in part, actually a result of the revolutionary upsurge which altered the dominant power blocs in each country. It was also, in part, a result of the changes in the world order, with the emergence of the global economy and a transnational elite as both a political and economic protagonist. The outcome of the social upheaval was the displacement of the old oligarchy, the conditional defeat of the broad popular sectors in Central America and the conditional victory of the new dominant groups. This political outcome paved the way for the transnational model to take hold. The transnational nuclei of the local elite vied for, and achieved, hegemony over the elite as a whole in the 1980s, and went on in the 1990s to assume state power and to implement the programme of global capitalism in the region. The region's next rearticulation to world capitalism—corresponding to the fourth epoch discussed above, that of globalisation—is constituted out of that programme.

The new transnational model of accumulation in Central America

This new rearticulation is based on what is called 'export led development' (ELD) in current international development discourse. This rearticulation involves a transition to a transnational model of accumulation, based on the introduction of novel activities tied to the global economy and the new globalised circuits of accumulation. In the transnational model, *maquiladora* production (particularly of garments), transnational services (especially tourism), non-traditional agricultural exports, and remittances from Central Americans working in the USA have risen dramatically in prominence as the four new dynamic economic activities linking the region to the global economy and have begun to overshadow the region's traditional agro-export model, which corresponded to the pre-globalisation period.

The new rearticulation, in Central America and throughout the developing world, reversed what McMichael refers to as the 'development project' of nationally managed economic growth and social development. The debt crisis of the 1970s and subsequent neoliberal project institutionalised the new definition of development as participation in the world market and the transition from managed national economic growth to managed global economic growth. The 'solution' to the debt crisis and stagnation was not just increased exports but export diversification. Such new export profiles, in Central America as elsewhere, became the path of integration into the globalised economy then emerging. These new export portfolios included: (1) component phases of globalised production (involving component processes, component capital and intermediate goods, and component consumer goods¹⁷), including *maquiladora* production; (2) new products driven by emerging world consumption patterns generated by the demand from new market segments created by the income polarisation associated with post-Fordist flexible accumulation (eg non-traditional agricultural products such as exotic fruits and flowers); (3) the supply

of new raw materials as part of the whole changeover in the world production base; (4) new services to facilitate the global accumulation process (including but not limited to financial services).

In the new model technocrats from transnational state institutions are persuading Central American state officials and private sector leaders to embark on a new round of export expansion. The chief protagonists of the transnational model from within the region are emergent transnational fractions of local elites. The old authoritarian regimes have crumbled through transitions to polyarchy, and leftist movements that posed an anti-systemic alternative to integration in the emergent global order in the 1980s have been defeated or transformed. In each Central American country, transnationalised 'technocratic' or New Right class fractions have gained hegemony within the dominant classes and are pushing the transnational agenda of neoliberalism and the consolidation of polyarchies through diverse institutions, including political parties, states and the organs of civil society. Neoliberal restructuring and the programme of free-market capitalism, including sweeping liberalisation and privatisation, have created the overall environment for the new model. A series of cumulative changes is producing a new profile for the region in the GDL rather than an abrupt abandonment of the agro-export society. The new model involves elements of both continuity and discontinuity, the culmination of one period of social change and the beginning of another.

The shift to the new model can be traced to the world economic shocks of 1979. These shocks dramatically affected macroeconomic performance in the region, undermined financial and exchange rate stability and triggered a cyclic downswing unprecedented since the 1930s. The crisis revealed the impending exhaustion of the prevailing model. Between 1980 and 1983 all the Isthmian countries entered into negotiations with the IFIs, particularly with the IMF, and embarked on adjustment programmes. Precursors to full-blown neoliberalism, these programmes were at first limited and not subject to conditionality. But as the decade progressed and adjustment increasingly involved conditionality it became clear that major economic restructuring was in the works. The IMF, the World Bank, the Inter-American Development Bank, the US Agency for International Development (USAID), and other institutions of a transnational state began to press the dominant groups in Central America to turn towards 'outward looking' strategies. Using the region's escalating external debt and balance of payments crisis as leverage, they emphasised liberalisation and non-traditional export-promotion, including export tax exemptions, credits and the use of Export Processing (EPZ), or Free Trade, Zones.

The watershed in the turn to the new model was the 1984 Kissinger Commission Report, a virtual blueprint for neoliberalism and the transnational model in Central America. In its political/military dimension the report called for transitions to polyarchy and for the defeat of the Nicaraguan revolution and the leftist insurgencies in El Salvador and Guatemala. In its economic dimension it called for the integration of the region into the global economy. Concrete measures included a roll-back of local state intervention in the economy, a greater opening up to transnational corporate investment, the elimination of price-controls and dismantling of ISI industries, and export promotion, particularly of

non-trationals. The Kissinger Commission Report reflected the consensus reached by the transnational elite on the requirements for re-establishing hegemonic order in Central America, including a new role for the region in the global economy.¹⁸

In the nation-state phase of world capitalism Central America was largely a semi-capitalist mode articulated to world capitalism. What has taken place through integration into the global economy is the rearticulation of the region on the basis of a more complete transition to capitalism that accelerated in the postwar period, culminating in the 1980s. In this new stage primitive accumulation is coming to an end in Central America. The successive waves of capitalist incorporation have progressively contracted pre- and semi-capitalist reserves; these reserves are drying up under globalisation. The region is no longer a pre- or semi-capitalist zone 'articulated' to world capitalism. Central American society is now run as an adjunct to the global market. The market, in Polanyian terms, has become fully disembedded from society in Central America.

Each new stage in the world economy has resulted in the expansion of the region's accumulation model and the introduction of new economic activities. With each new rearticulation the old accumulation activities usually continue but decline in *relative* importance to new, more dynamic sectors, and the vitality of the old activities becomes conditional on the dynamic of these new sectors. Thus the introduction of coffee and bananas in the latter half of the 19th century, made possible by world capitalism's expansion and corresponding to the period of classical competitive capitalism, determined the social and economic development of the region. But when the next transformation of the social and economic structure came with the expansion of the world economy under the period of corporate or monopoly capitalism, coffee did not disappear. Its importance decreased *relative* to dynamic new sectors of accumulation (the absolute value of coffee output actually rose considerably), and these new sectors exercised a transformative effect on the social fabric. Similarly, in the new transnational model, the older agro-export products have not disappeared but declined in relative importance, while dynamic new sectors stimulate fundamental social, economic, cultural and political change that has major implications for how we conceive development in the region and of social hierarchies *vis-à-vis* the world system. It is important to note that these new economic activities are grounded not in national or regional circuits of accumulation but in globalised circuits, and that they are organised along the lines of flexible accumulation involving complex subcontracting networks and new forms of contingent labour, among other aspects.

Maquiladoras

ISI industrialisation as a national accumulation strategy is becoming replaced by *maquiladora* assemblage, especially of garments, for export as a quintessentially transnational accumulation activity. Economic considerations by transnational capital and political considerations by the US state, combined with shifts in the global economy, resulted in the massive entrance to Central America of garment assembly. As the global economy emerged in the 1960s and 1970s, US textile-

apparel producers shifted the labour-intensive middle phase to the East Asian low wage zone, and also developed sub-contracting ('outsourcing') networks, whereby East Asian, particularly Taiwanese and South Korean, capital organised local production in consort with transnational capital. By the 1980s and 1990s this process had resulted in the integration into transnational accumulation circuits of East Asian capitalists themselves, who, in the face of rising wage levels and other factor cost considerations in their home countries, began to shift production to new low-wage zones, particularly mainland China, Southeast Asia, and Central America and the Caribbean, in collaboration with local investors. The social dislocations generated by capitalist development in Central America as globalisation proceeded from the 1960s onwards, together with the disruptions caused by the political-military conflagration, had generated a huge pool of available—and potentially revolutionary—labour in Central America by the 1980s and 1990s. Moreover, the region was ideally situated geographically for access to the US market.

Table 1 shows the dramatic appearance of garment-assembly enclaves in Central America from the mid-1980s to the mid-1990s.

By mid-1995 conservative estimates placed the number of workers employed in the *maquiladora* industry at 235 000 for the five republics, including 50 000 in Costa Rica, 50 000 in El Salvador, 80 000 in Guatemala, 48 000 in Honduras, and 7000 in Nicaragua.²⁰ Whether measured as the percentage of total manufacturing employment or as the percentage of total manufactured goods exports, the export-orientated *maquiladora* industry is coming to replace the inward-orientated ISI sector that corresponded to the previous model of accumulation, as indicated in Table 2. The importance of the *maquiladora* sector to the new model of accumulation is also evident in the growth of net export earnings it generates (the amount of foreign exchange actually earned by the host country). *Maquiladora* export earnings for the region as a whole amounted to about \$1 billion in 1996 out of total regional receipts of some \$7.7 billion, or about 13% of the total.²¹ In sum, the *maquiladoras* account for a significant and rapidly growing share of the region's industrial output, employment and foreign exchange earnings.

TABLE 1
Garment assembly industry in Central America (as measured in imports to US
in \$ millions)

	1983	1986	1990	1993	1996
Costa Rica	64	142	384	653	706
Guatemala	4	20	192	552	809
El Salvador	6	11	54	251	721
Honduras	20	32	113	510	1 241
Nicaragua	—	—	—	3 (1992)	232 (1998)

Source: US Department of Commerce.¹⁹

TABLE 2

Maquiladora employment (as percentage of manufacturing employment)

	% of manufacturing employment		% of manufactured exports
	1990	1996	1996
Costa Rica	16	24	40
Honduras	11	36*	N/A
Nicaragua	45	33	60
El Salvador	N/A	28	45
Guatemala	N/A	38	30

* Figures for 1995.

Source: Mauricio Jenkins, Gerardo Esquivel & Felipe Larraín B (1998) *Export Processing Zones in Central America*, Development Discussion Paper No 646, Boston, MS: Harvard Institute for International Development, Harvard University, pp 27–30.

Non-traditional agricultural exports

In the primary sector, traditional agro-exports continue to predominate, but they are diminishing in overall importance relative to non-traditional agricultural exports (NTAE) such as fruits, flowers, ornamental plants, winter vegetables and spices. *Maquila* production and NTAES combined accounted by 1993 for more than half of all export earnings in Costa Rica (57.3%), El Salvador (61.3%) and Guatemala (57.7%), while the figures for Honduras and for Nicaragua were 37.8% and 43.5%, respectively.²² As with *maquiladora* production, the spread of NTAE is linked to a broader international restructuring bound up with globalisation, including changes in the world food regime.²³ The extension of transnational agribusiness, the conversion of local production from food and traditional export crops to new crops, and growth in worldwide trade of exotic fruits and vegetables are made possible by new transportation, refrigeration and other technological innovations. On the demand side, NTAES are spurred on by the emergence of new high-consumption middle and professional sectors brought on by the process of post-Fordist income polarisation from the 1970s onwards. This has involved a shift in production from standardised to more specialised products catering to segmented markets, entailing the rise of 'niche' markets among a high-income and high-consumption sector of professional and middle strata worldwide, increasingly fed by the 'global supermarket' and consuming gourmet coffees, exotic fruits and other speciality food products.

The rise of 'global supermarkets' and the global reorganisation of food production and distribution has involved the transformation of national and regional agricultural systems all around the world. National agricultural systems have been incorporated into global agricultural commodity chains. This global food regime is characterised by the rise of truly global agribusiness in which agricultural production has been reorganised along 'flexible accumulation' lines. Agribusiness firms, just as their manufacturing counterparts in the *maquiladoras*, use global sourcing strategies. The food trade, as David McMichael notes, is one of the fastest growing industries in the world, especially in processed foods and in fresh and processed fruits and vegetables, in which companies stretch across the globe organising producers on plantations and farms to deliver products for

sale in higher-value markets around the world.²⁴ This globalisation of markets for high-value foods such as off-season fresh fruits and vegetables has become the centrepiece of growth strategies for agribusiness. TNCs such as Dole, Chiquita and Del Monte have branched out from their traditional concentration on bananas and pineapples. These TNCs often subcontract local peasants or capitalist firms in developing regions to produce speciality horticultural crops and off-season fruits and vegetables. They also process foods such as fruit juices, canned fruits and frozen vegetables, boxed beef, chicken pieces, and so on, often in EPZs, for shipment to expanding consumer markets around the world.

The globalisation of food production and the new global food regime is thus the larger backdrop to Central America's experience with NTAES. Table 3 shows the rapid growth of NTAES.

The study of NTAES in Central America offers a good window into the spread of capitalist agriculture under globalisation and the effects of incorporation into global markets and production chains. The arrival of NTAES has occasioned a new round of commercial agricultural expansion; the industry entails new production conditions that have a transformative impact on land tenure, resource allocation, employment, class structure, gender relations, the environment, and so forth. NTAE production takes place more fully under capitalist relations than earlier domestic and export crops and it entails a much deeper market integration. First, NTAES require more systematic and much higher levels of financing than traditional crops. This draws producers more fully into the financial system, which itself is in the process of transformation and globalisation. Second, NTAE production is highly dependent on an assortment of industrial inputs, from imported seeds and pesticides, to chemical fertilisers and farm equipment. Third, NTAE production involves more sophisticated techniques and technical know-how in planting, maintenance, harvesting and handling than traditional crops, which creates dependence on market-based technical assistance. Finally, NTAES require insertion into a complex global marketing structure. Ultimately, global market control becomes the key to profitability in the NTAE industry. Global market relations thus penetrate the Central American countryside through the spread of NTAES. Peasants are drawn into webs of market relations and subsumed under a capitalist production regime that helps to further undermine what remains of pre-

TABLE 3
Central American NTAES to the world (US\$ millions)

	1980	1985	1989	1994
Costa Rica	43	48	138	400
El Salvador	13	16	11	90
Guatemala	73	75	106	350
Honduras	42	60	53	70
Nicaragua	7	12	6	50
Central America	178	211	314	960

Source: Conroy *et al*, *A Cautionary Tale*, Boulder, CO: Lynne Rienner, 1996, p 21, Table 1.6 for 1980–1989; Charles Brockett, *Land, Power & Poverty*, Boulder, CO: Westview, 1998, p 56, Figure 3.5 for 1994.

capitalist agriculture. This has resulted in heightened land concentration, credits and other resources being in the hands of local and foreign agribusiness and a further proletarianisation of peasants, who become 'casualised' farm labour (this modern capitalist structure is in contrast to the old oligarchic rural structure).²⁵

Transnational services: tourism and hospitality

The new transnational model is dramatised by the growth of the tourism and hospitality industry in Central America. Tourism, along with import-export commercial activity and finances, which have flourished with trade and financial liberalisation, constitutes the dynamic core of transnational service sector activity in the Isthmus. Tourism in the social science literature is not limited to leisure travel and may include international travel for reasons of business, government activity, professional work, and so on. Under the new 'global social apartheid', the structure of global production, distribution and consumption increasingly reflects a skewed income pattern, whereby over the past 25 years the income of 20% of the world's population has risen simultaneously with a decline in income among the remaining 80%.²⁶ Tourism has become the fastest growing economic activity, and even the mainstay, of many Third World economies. International tourist flows are still largely unidirectional, from North to South, and the flow of much of the income generated by world tourism is from South to North, but this is changing with the rise of high-income sectors in the South and of local entrepreneurial control over the tourist trade.²⁷ New technologies and economies of scale in long-distance travel have made technically possible the explosion of international tourism. But the phenomenon should be seen as a result of the tendency towards social polarisation inherent in global capitalism, and the new opportunities for accumulation that *this particular* structure of world income and demand generates.

It is in this context that Central America opened up to global tourism in the 1990s. The region's pacification and integration into the global economy made it an increasingly viable destination. As the Central American conflict unwound, the local and transnational elites turned their attention more fully to economic reconstruction, and proposed the expansion of tourism as a chief activity that could provide new opportunities for economic growth and insertion into global markets.²⁸ By the early 1990s the IFIS and other international agencies were providing diverse support for the establishment of the tourist industry, ranging from loans to technical support and training programmes, feasibility studies, and so on.²⁹ Central America became one of the fastest growing subregions in the world for tourist arrivals.³⁰ Table 4 gives an idea of the dramatic growth of the tourism industry in Central America. By 1995 regional tourism receipts had surpassed the \$1 billion mark and accounted for about 22% of foreign exchange earnings in that year.³¹ Between 1990 and 1997 some 15.6 million international travellers arrived in Central America, generating some \$7.5 billion in foreign exchange earnings for this eight-year period and employing some 232 000 salaried workers.³² Tourism displaced bananas in 1994 as Costa Rica's principal source of foreign exchange receipts and became in that year the second most

TABLE 4
Income from tourism in Central America (\$ millions)

	1970	1980	1992	1993	1994	1995	1998	1999
Costa Rica	22	87	431	577	626	661	713	730
El Salvador	9	7	49	41	29	39	67	125
Guatemala	12	183	243	228	258	310	325	280
Honduras	4	27	32	60	72	80	120	173
Nicaragua	13	22	21	30	40	50	78	90
TOTAL	60	326	776	936	1025	1140	1303	1398

Source: For 1970–95, *Ecocentral*, 13 June 1996; for 1998–99, *World Almanac and Book of Facts*, Mahwah, NJ: Primedia Reference, 1999 and 2000 editions.

important source in Guatemala, after coffee. Between 1990 and 1997 it became the third most important source in Nicaragua, up from eighth in 1989, and as well the third most important source in Honduras.³³

The export of labour and remittances

Central American labour has become a major new 'export' linking the region to the global economy, and the remittances that emigrant workers send home have become a vital source of foreign exchange in the transnational model, along with *maquiladora* production, NTAES and tourism and hospitality. The progressive alienation of the peasantry, artisans and other sectors in the post-World War Two period of capitalist expansion, together with the upheavals of the regional conflict, produced a huge pool of surplus labour available to transnational capital for a new round of accumulation under globalisation. But this pool appeared in the age of renewed global labour flows, when labour has become a commodity that is itself 'marketed' worldwide. Central American labour has become available not only for the regional labour market but for the *global* labour market, exported as far away as Australia and New Zealand. Transnational migration and the expanded employment of Central Americans in the USA, Canada and elsewhere, has led to an enormous increase in remittances, which have become the mainstay of survival for dense kinship networks, and the money sent to the region through remittances enters both the formal and informal local economies, as do their bearers, as consumers and as small-scale producers. As Table 5 shows, remittances have become the single most important source of foreign exchange entering the Salvadoran economy, amounting to \$1.2 billion in 1995. For Guatemala the figure was \$408 million. Thus the remittance itself is a complex transnational economic practice, not a curious anomaly but a constitutive feature of the globalisation of Central America and part of transnational processes that are fundamentally transforming the region.

To put this phenomenon in global historical perspective, the fragmentation and dispersal of capital around the world also fragments and disperses globally what were previously more fixed centre–periphery labour flows. In this emerging global labour market it appears that nodes of intensive accumulation or of special

TABLE 5
Officially recorded Central American emigrant remittances, 1980–1997
 (in US\$ millions)

	1980	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997
Costa Rica*	–	–	–	–	–	–	–	–	–	–	–
El Salvador	11	194	228	358	467	687	789	967	1061	1086	1199
Guatemala	0	43	69	107	139	187	205	263	358	375	408
Honduras	0	0	0	0	N/A	N/A	60	85	120	128	160
Nicaragua	0	0	0	0	N/A	10	25	30	75	95	150
Regional total	11	237	297	465	606	884	1079	1345	1614	1684	1917

* Costa Rican data collection agencies did not report remittances.

Source: World Bank, *Global Development Finance*, Country Tables, 2000.

economic activity servicing the global economy become magnets for drawing labour from diverse international reservoirs through the mechanisms of regional wage disparities, the availability of employment in high growth areas, migrant networks, recruiters and other sub-processes. But these nodes of accumulation, what Dicken refers to as 'localized agglomerations of activity' within the global economy,³⁴ are scattered and shifting within a fluid GDL. Neither these nodes nor labour reservoirs correspond any longer to the old centre–periphery categories, certainly not if the units in these categories are conceived as discrete nation-states. Wage differentials between—and even within—Third World countries are often just as high as between North and South, as are employment opportunities; such disparities promote new kinds of migration flows.³⁵ It is true that Western Europe and the USA are the largest importers of labour worldwide, conforming to the world-system perspective of core regions drawing on labour pools in their respective peripheries. But this does not capture the dynamic changes in worldwide labour flows under globalisation. For one, traditional core regions increasingly recruit labour from all around the world, beyond their immediate peripheries. In addition, nodes of accumulation that are themselves scattered around the world are often not 'national' but sub-national or local sites that become major importers of labour even as other sub-national sites within the same labour-importing countries find themselves economically marginalised and become in turn exporters of labour to accumulation nodes in third countries. Neither the core–periphery nor the nation-state perspective captures the dynamics of new patterns of world labour migration. The heightened transnational migration of labour contributes to transnational class formation and to the conformation of a global working class, although it also generates new and shifting labour hierarchies that cut across national borders, further undermining the validity of a geographic or nation-state conception of development and of social hierarchy.

In Central America the phenomenon of remittances highlights the emergence of a single integrated (but segmented) labour market incorporating the entire North American subcontinent, as a regional component of the global labour market. In this scenario, Central American labour in the USA and other foreign

countries becomes a transnationalised economic activity 'bonding' together national and regional economies (in this case, the 'US' and the 'Central American' economies) and integrating them into the global economy. Central American workers meet the labour demands in the deskilled and service sectors in the USA and other labour-importing countries and the remittances they send back to the region simultaneously help offset macroeconomic imbalances and, in some cases, avert economic collapse. The data, in fact, strongly suggest that the influx of foreign currency into national accounts through remittances made an important contribution to closing the balance of payments gap in Central America in the latter decades of the twentieth century.³⁶ By the 1990s remittances had become a critical stabilising factor in the Central American economy; it is not likely that macroeconomic stability could have been achieved, or maintained, without them. Tables 6 and 7 place the economic weight of remittances in relative perspective.

A new cycle of capitalist expansion

A new cycle of capitalist expansion and modernisation appears to be underway in Central America on the basis of a new set of economic activities as the region has become rearticulated to the world economy in the aftermath of the political-military upheaval of the 1980s. Table 8 shows the sharp decline in the relative importance of Central America's five traditional exports (coffee, bananas, cotton, sugar and beef) from the 1980s onwards. These five traditional export products dropped dramatically as a percentage of total exports in each republic. As a measure of the magnitude of traditional to total exports, the data in Table 8 does not include tourist receipts or emigrant remittances.

TABLE 6
GNP, export earnings, and remittances (in \$ millions)

	<i>El Salvador</i>		<i>Guatemala</i>		<i>Nicaragua</i>	
	1980	1997	1980	1997	1980	1997
GNP	3538	7663	7802	10 411	2070	2137
Exports	1215	2708	1730	3175	495	866
Remittances	74	1199	108	408	11	150

Source: CEPAL, *Economic Survey of Latin America and the Caribbean*, various years; IDB, *Economic and Social Progress in Latin America*, 1998-99; and World Bank.

TABLE 7
Remittances as percentage of GNP and export earnings

	<i>Remittances</i>	
	<i>As % GNP</i>	<i>As % export earnings</i>
El Salvador	15.6	44.3
Guatemala	3.9	12.9
Nicaragua	7.0	17.3

TABLE 8
Traditional five exports* as percentage of total exports, 1962–94

	<i>Costa Rica</i>	<i>El Salvador</i>	<i>Guatemala</i>	<i>Honduras</i>	<i>Nicaragua</i>
1962	82	77	82	66	69
1980	60	69	56	63	67
1986	61	70	58	67	74
1994	40	37	43	43	41

* Coffee, bananas, sugar, cotton and beef.

Source: Estimated by Brockett, *Land, Power and Poverty*, p 62, Table 3.2.³⁷

Table 9 combines distinct indicators in order to illustrate the relative weight of non-traditional production and services—exports proper *and* other external sector activity—in the generation of foreign exchange earnings. Of the four new economic sectors discussed above, three are not exports *per se* but external sector, or outwardly-orientated, activities that link the regional economy to the global economy. Sources of foreign exchange in Central America are central to internal social reproduction and link social circuits of accumulation and distribution to transnational circuits in the same way that exports proper do. The real measure of linkage to the world economy is in fact activity that is globally marketed and that earns hard currency which makes possible international economic intercourse. The first column in the table indicates what was documented earlier: the dramatic increase in *absolute* terms of the value of the four economic activities associated with the transnational model. But more importantly, the weight of these economic activities as foreign exchange earners linking Central America to the global economy increased *relative* to the value of total exports as a generator of foreign exchange, as is shown in the second and third columns. To use the example of Guatemala, the value of the four new activities of the transnational model represented 23.5% of the value of total exports in 1990 and 54.6% in 1996.

TABLE 9
Central America's rearticulation to global markets

	<i>Value of non-traditional foreign exchange earning activities*</i>		<i>Exports of goods and services</i>		<i>As % of total export earnings</i>	
	1990	1996	1990	1996	1990	1996
Costa Rica	597	1415	1963	3370	30.4	41.9
El Salvador	411	1500	973	1768	42.2	84.8
Guatemala	368	1224	1568	2242	23.5	54.6
Honduras	140	869	1033	1192	3.6	72.9
Nicaragua	70	228	392	726	17.9	31.4

* NTAES, *maquiladora* and tourism earnings, and remittances.

Source: Non-traditional foreign exchange earnings are author's estimates based on Brockett, *Land, Power and Poverty*, Willmore, p 66, Table A and earlier tables and sources referenced. Total export earnings from IDB, *Economic and Social Progress in Latin America*, 1998–99, Table B-5.

In sum, in this new rearticulation the most dynamic economic sectors in Central America are those linked directly to globalised circuits of production and distribution and whose introduction has been facilitated under the neoliberal model. Economic growth and social reproduction is coming to rest on a transformed set of productive structures and relations. Let us now turn to the implications for development and social hierarchies of this new rearticulation.

Flexible accumulation, modernisation and development

Flexible accumulation and the transformation of the Central American labour market

The restructuring of work and labour in the context of the transition from Fordist to flexible accumulation is a constant theme in the literature on globalisation.³⁸ The ability of workers to consume the goods they produce was central to Fordism, whereas post-Fordism delinks economic growth from the expansion of consumer markets. In my view, this delinkage is a central condition for a new capital–labour relation under globalisation because it implies that the reproduction of capital is no longer dependent on that of labour.³⁹ In the larger picture, it suggests that capital is increasingly able to abandon reciprocal obligations to labour in the employment contract with the emergence of a new post-Fordist political regime of accumulation. And under the new social structure of accumulation (in which the political regime is subsumed), states, with their transmutation from developmentalist to neoliberal, no longer face the earlier structural imperative in its public obligations to poor and working majorities.⁴⁰ This is the backdrop to the general erosion of wages and it also underpins, at the societal level, the erosion of what is known as the social wage. This holds true for global capitalist society in general, but is especially so for the pattern of accumulation in zones such as Central America, whose principal contribution to the global economy would appear to be the provision of cheap labour. The transnational model of development, by removing the domestic market and workers' consumption from the accumulation imperative, contributes to the demise of the populist alliances between popular classes and national ruling classes that characterised the old national development model and paves the way for the new class relations of global capitalism.

Labour market reform is therefore an essential component of neoliberal restructuring, centred around making labour 'flexible', rationalised with the argument that labour costs must be lowered in order to attract investment and increase the competitiveness of firms producing 'tradeable' (export) goods.⁴¹ Deregulation frees up capital to hire and fire at whim and under conditions that allow it to utilise labour 'flexibly' so as to minimise the cost and maximise the control of labour. Labour reform often involves legislation designed to reduce the length and permanence of labour contracts and to substitute individual labour contracts for collective contracts, and 'casualises' labour by allowing it to be hired for any amount of time (a day, a week, a month, etc) or for part-time work with no fixed commitment on the part of employers to provide benefits or security. 'Flexible' labour is also associated with de-unionised labour. Diverse

new deregulated forms of work—‘contract labour’, ‘temp labour’, ‘part-time labour’, ‘casual labour’, ‘home work’, ‘just-in-time labour’, and so forth—are subsumed under the twin but not fully synonymous concepts of the *casualisation* of labour and the *informalisation* of work. Casualisation generally refers to the new unregulated work that labour performs for capital under ‘flexible’ conditions. Informalisation refers to the transfer of much economic activity from the formal to the informal economy. Within the labour market, the core of formality is regulated work, while the core of informality is deregulated work.⁴² The global labour force is increasingly subject to the conditions of deregulation, casualisation and informalisation, a process some refer to as ‘harmonisation’, meaning a ‘downward’ equalisation of work conditions around the world.

Globalisation progressively erases the boundaries between formal and informal activity. The accelerated informalisation of the labour market has been accompanied by the increase in labour flexibility in what remains of the formal sector, with more frequent use of contract work and the use of contingent labour over permanent employment and collective contracts. As TNCs outsource specific production and service tasks to local subcontractors, for instance, the labour they continue to employ is subject to casualisation, while subcontractors draw on labour from the informal economy. Moreover, as the cost of reproduction is expunged from the capitalist sector it is absorbed by the informal sector, which replenishes the pool of labour. The spread of informalisation becomes a condition for a new capital–labour relation, a mechanism for the appropriation of surplus in new ways by capital.

However, the key point here is that the neoliberal transformation of the labour market results not in a uniform process of downward mobility but in new patterns of social stratification that include new opportunities for upward mobility. The increasing bipolarisation of labour into high-paid, high-skilled ‘core’ and low-paid, low-skilled ‘peripheral’ workers is an important theme in the literature on post-Fordism and globalisation. Transnational labour markets are highly heterogeneous and, as national labour markets integrate into a single global labour market, this heterogeneity becomes present within most localities. There is a selective and highly variegated integration into transnational structures through such heterogeneous participation in the global labour market. Although the proposition cannot be pursued here, I suggest that labour markets may become determinant within the social, rather than territorial, conception of development I advanced earlier. Forms of participation for individuals and groups in the global economy are more important than geographic location or nationality. It is the nature of participation in global production through transnationalised labour markets, not through membership in nation-states, that determines the social development of groups.

In Central America, there has been an explosion of the informal urban economy as a consequence of a number of factors bound up, ultimately, with capitalist globalisation. The spread of capitalism into the countryside, along with the regional conflict, has further alienated what remains of the peasantry and sent a portion migrating to urban centres, where it swells the ranks of an expanding new ‘informal’ proletariat. Its ranks have also swelled with the dismissal of hundreds of thousands of workers through the contraction of public sectors,

privatisation and the dismantling of national industry, processes that generate un- and underemployment,⁴³ as well as with the demobilisation of tens of thousands of soldiers in Nicaragua, El Salvador and, to a lesser extent, Guatemala, very few of whom are absorbed by the formal sector. Moreover, the introduction of flexible accumulation patterns, such as outsourcing, contract and contingent labour, places most workers ambiguously between the formal and the informal economies.

But this informal economy is not a 'marginal' sector, because it is in fact linked functionally and organically to the formal economy.⁴⁴ The two are not a dualist but a single structure in which each sector is internally related to the other. Flexible accumulation rests on a large informal sector and decentralised networks of production and services that cut across formal and informal activity. Castells and Portes, and their colleagues, show that its members participate simultaneously in capitalist production and in the subsistence economy. The informal sector plays a key role in the renovation of circuits of accumulation.⁴⁵ As the informal sector brings together the labour process and the family process, it facilitates the transfer of social reproduction responsibility from the state and capital to families, who are functional to the capitalist sector because they contribute to social reproduction and maintain a reserve labour pool available for capital to tap when needed, such as for seasonal work or for labour in the *maquiladoras*, placing downward pressure on wages, and in general exhibiting the functions expected of a reserve army of labour, but under new conditions of flexible production. Subcontracting firms may hire workers in the informal economy or may in turn subcontract with household shops or self-employed workers.

Many of the new informal proletariat live in extreme poverty. These are the 'new poor', frequently self-employed, or working with several family members. This structure comes to resemble one of millions of chickens trying to peck out a living in the coop of transnational capital. Nonetheless, informality is not co-terminous with poverty, even if it is for the majority. Informal workers are employed by small-scale entrepreneurs who hire on a non-contractual basis, and who in turn are increasingly linked to transnational capital through diverse subcontracting and outsourcing networks. In addition, the flexible organisation of production in the transnational model provides new opportunities and allows certain strata to integrate into the global economy as developed (or at least as better off) social clusters, or certainly through a more viable insertion into transnational circuits under conditions more favourable than the new poor face.

Hence the heterogeneity of transnationalised labour markets spans the formal and informal sectors. The segmentation of labour markets in the Isthmus is similar to that taking place throughout global society. Most new employment opportunities entail unskilled labour-intensive activities, such as new agricultural and *maquila* work or petty commerce and self-employment in the informal economy. But there is also the creation of skilled employment, such as tourist workers who must be bilingual or administer facilities, and those who are successful at setting up a small firm in the informal sector. These jobs may bring to the workers or professional the consumption and technological-cultural benefits that global society has to offer. Insertion into globalised circuits is there-

fore itself heterogeneous. Women, young workers, ethnic minorities and the unskilled are more likely to fill less-skilled informal jobs, while better trained or experienced workers and former professionals with more social capital are more likely to become successfully inserted.

Moreover, to reiterate, flexible accumulation opens up opportunities for networks of local subcontractors and for new entrepreneurial groups. For instance, a noteworthy aspect of the *maquiladora* industry in Central America, as indicated in Table 10, is the high percentage of local entrepreneurial participation, as measured by the national origin of capital invested out of 791 *maquiladora* plants operating in the region. In Costa Rica, 21% of *maquila* plants in the EPZs are owned by local investors, in El Salvador, 65%, in Guatemala, 43%, in Honduras, 32% and in Nicaragua, 16%. Local capitalist developers have also been heavily involved in constructing and administering EPZs and industrial parks in all five republics, and especially in Honduras and Nicaragua.

The high proportion of local participation in the *maquiladora* sector points to the emergence of a new Central American entrepreneurial class more thoroughly integrated into transnational production circuits than the old oligarchy, whose external linkage was strictly market-based.⁴⁷ It suggests as well less a 'comprador' relation, in which local bourgeoisie are mere managers and administrators of transnational firms, than a relation between capitalists able to operate at the local or regional levels and those able to operate at the global level. The *maquiladora* sector in Central America exhibits the new forms of transnational collaboration between capitalists, especially sub-contracting and outsourcing, as well as joint ventures, technical co-operation, licensing agreements and local supply of TNC operations. Unlike TNC-subsidiary production, which predominated in the pre-globalisation period, these new forms bring local investors directly into TNC-organised global production chains and produce a more organic integration of Central American capitalists into the transnational capitalist class.⁴⁸ These novel relations that develop among transnational capitalists (even those operating only locally are transnational because they are incorporated into globalised circuits) are not 'core-periphery' relations as seen through the lens of nation-state centrism.

Although extended discussion is not possible here, the same pattern seems to

TABLE 10
National origin of capital in the Central American *maquiladora* industry
(as percentage of 791 plants in EPZs, mid-1990s)

	<i>Local US</i>	<i>Korean</i>	<i>Other*</i>	<i>Other Asian</i>	<i>Asian</i>
Costa Rica	21	60	2	2	16
El Salvador	65	11	8	6	10
Guatemala	43	9	44	2	2
Honduras	32	36	21	10	1
Nicaragua	16	32	16	32**	5

* Largely Central American and European.

** Largely Taiwanese.

Source: International Labor Organization.⁴⁶

hold for NTAES and tourism. Social differentiation and incipient new forms of class polarisation in the countryside have generally ensued in the wake of the introduction of NTAES.⁴⁹ Just as there are local losers in the NTAE industry there are also winners. Local benefits include new employment and income opportunities, and access to new consumer goods, social and productive infrastructure, and so on.⁵⁰ But these benefits are highly unevenly distributed. The NTAE industry has also benefited a class of medium-level producers, many of whom have bought out their poorer neighbours, thereby changing the class structure. The modern capitalist structure that emerges is in contrast to the old oligarchic rural structure. As in the case of the *maquiladora* industry, NTAE activity has drawn in not a landed oligarchy but dynamic new entrepreneurial sectors, often urban-based, linked to the global economy through finances and webs of relationships with transnational corporations.⁵¹ Indeed, these fractions among the local bourgeoisie dominate the NTAE sector. Winners also include suppliers of inputs and in-country buyers, who may be local packers and exporters (themselves often large producers), local holding or financial companies or, as is often the case, local agents of TNCs. Local packers/exporters have set up companies throughout Central America and in practice tend to become junior partners of the transnational fruit companies.⁵²

Local influence over the industry is exercised largely through finances. Under the neoliberal programme state banks providing low-cost credit to peasant producers have been closed or restructured along market lines. Most credit for NTAES comes from private banks, from TNCs that provide commercial credits for their contractors (or simply use their own capital for direct investment) and increasingly, from investment houses in urban areas, known as *financieras*. These *financieras* function like investment funds, where urban professionals and middle strata, along with capitalists, invest their money in shares.⁵³ Urban import-export groups, such as those that own foreign automobile or computer dealerships, have entered NTAE production by organising these *financieras*, which replace state credits that were established in the pre-globalisation period of ISI and state-led development.

If the old mass tourism, characterised by pre-packaged holidays to the 'pleasure periphery', was associated with standardised Fordist accumulation, what Mowforth and Munt term the 'new tourism' is situated within the transition to post-Fordist flexible modes of accumulation. Global tourism now involves 'niche' or segmented markets catering to different income and 'lifestyle' groups worldwide, including new middle and professional strata from the service and information sectors.⁵⁴ The evidence suggests an increasing segmentation of, and participation in, the world tourist market in ways much more complex than a simple North-South divides.⁵⁵ Most international tourists are still from the rich countries, but there has also been a steady if less conspicuous increase in global tourism among the rising middle classes of the Third World, as well as the rise of domestic tourism industries in all countries of the world catering to new and established high-consumption groups. Tourism and other new global accumulation activities reorganise and transnationalise social structure in ways that redefine the relationships between different groups spanning both 'host' and 'sender' countries.

Tourism as a service activity that integrates Central America further into the global economy has significant social, class and political ramifications. The escalation of tourism and travel amenities in the Isthmus occurs simultaneously with heightened impoverishment of popular majorities. Yet, as with the *maquiladoras* and NTAES, tourism reshapes local social structure in ways that generate local winners and losers as it contributes to the overall process of social stratification among groups, as defined by their relationship to the global economy and society. There is much evidence to suggest that a good portion of the transnational tourism industry in Central America involves substantial participation by local capitalist groups. In Guatemala four of five new luxury hotels built by transnational firms in the mid-1990s were franchised out to local investors, many of them new entrants into the industry.⁵⁶ Much hotel and resort construction in Nicaragua in the 1990s was in the hands of local entrepreneurs who invited the participation of transnational capital.⁵⁷ In addition, 'outbound' tour operators, often located in the developed countries, subcontract to 'inbound' operators in host countries to handle a wide array of services. Such subcontracting arrangements are becoming more diverse and widespread as the 'new tourism' spreads and the industry becomes more 'flexible' and decentralised. The tourism industry in Central America has also generated benefits for established local investors and new entrepreneurial groups, as well as for professionals, middle strata, and some enterprising poor people, who have set up throughout Central America Spanish language schools, interpreting, translation, and personalised consulting firms, guest houses, cultural centres, commercial outlets for local arts and crafts and other cultural products, local tour packages, and so on, to cater to the legions of leisure tourists, business callers and related international visitors.

Wither development theory? From a territorial to a social conception of development

I stated at the outset of the present article that the relationship between space and development needs to be reconsidered. While I arrive at this concluding section unable to specify in theoretical terms with satisfaction the relationship between the two, I argue here that the way forward involves, first, a new conception of development based not on territory but on social groups and, second, the understanding that space takes on new meaning under globalisation, given the types of space/time restructuring it involves. Space is configured in diverse ways, only one of which is the nation-state. As David Harvey has observed, the diminishment of spatial barriers gives transnational capital a new-found power to exploit minute spatial differentiation to good effect. 'As spatial barriers diminish so we become much more sensitised to what the world's spaces contain. Flexible accumulation typically exploits a wide range of seemingly contingent geographic circumstances, and reconstitutes them as structured internal elements of its own encompassing logic.'⁵⁸

Specific spaces or regions in the global economy acquire their own profiles, as I have discussed here for Central America. However, empirical evidence suggests that these profiles may just as easily correspond to subregions, even to local municipalities, as they do to countries. Spatial 'niches' in transnational produc-

tion specific to regions and subregions, as Harvey notes, have been carved out in Silicon Valley, Los Angeles, the 'Third Italy', South Wales, and so on. These spaces present specific political, social, economic and cultural conditions not coterminous with the conditions of nations, including types of labour available and effective patterns of labour control, conducive to certain activities functionally integrated into the global economy. These profiles in the global economy are not fixed but fluid and are 'structured internal elements' of the encompassing logic of globalisation. Flexible accumulation makes possible a very broad diversity of participation in the global economy and, in addition, the possibility that social groups structure their own distinct spaces in function of their participation. In this process, development becomes detached from territoriality. In Central America, the particular profile in the global economy has acquired region-wide characteristics, but this does not imply that participation in the global economy differentiated by space is by theoretical *fiat* or systemic imperative *national* space.

Central America's rearticulation involves integration into world structures that are themselves fundamentally being altered by the globalisation of production and the transnationalisation of superstructural processes and institutions. The gradual disembedding of groups, structures and institutions from the nation-state context in which they have been traditionally studied modifies the focus of critical underdevelopment theories. In contradistinction to modernisation theory, these theories focus on the dialectic convergence of internal and external factors as the axis of development and change. But globalisation increasingly blurs the boundaries between the internal and the external and shifts the focus to a transnational synthesis of the two. Development theories have generally lined up in the continuum between two poles. The comparative national approach seeks to account for variations across countries and with unit-specific variables that may account for a country's performance. World-system analysis focuses on the systemic imperatives and constraints of world capitalism.

Promising new lines of research purport to bridge the comparative development-world system divide. Some of these efforts have sought to establish under what conditions development can occur by manipulating world-system conditions and have tried to elaborate 'middle range' theories. Global commodity chains theory, for instance, tracks value-added chains in the transnational production of commodities, the implications for development of the geographic dispersal of these chains, and the possibilities that individual countries or regions may become 'nodes' for specific (and presumably higher value-added) links in the chain.⁵⁹ Closely related, 'divergent development' approaches, sometimes called the New Comparative International Political Economy (NCIPE), have studied the increasingly divergent experiences of developing countries in the world economy, with a major focus on newly industrialised countries (NICs) and on the role of the state.⁶⁰ Postmodernists have emphasised the subjective dimension of development, 'deconstructed' the development discourse, and subjected the dominant Western paradigms to scathing critiques.⁶¹ And theories of post-Fordism have explored the implications of new labour regimes and the spread of flexible accumulation for development.⁶²

But this new theoretical work has been hampered by a tenacious nation-state

centrism which holds the nation states are the appropriate unit of analysis in development studies. Even as these theories acknowledge the changes involved in the global economy, the territorial conception of development persists: what 'develops' is a nation-state. I have argued that globalisation requires a fundamental reconceptualisation of development predicated on a break with nation-state-centric analysis. This involves a shift in our understanding of what 'develops' from nation-states to transnational population groups within a global economy characterised by the dispersal around the world of specialised activities that are increasingly component processes in world production and whose distribution exhibits only in part a spatial or geographic significance. Critical geographies have drawn our attention to multilayered relations between space, place and production over time. The drive to relocate to more advantageous spaces (the geographic movement of both capital and labour) periodically revolutionises the international and territorial division of labour, adding a vital geographic dimension to the permanent flux, disruption, commotion and redefinition of capitalism as a social system.⁶³ The geographer's focus on the dimension of space and territory in accumulation and changes in space over time needs to be more fully integrated into the debate on development. As time and space collapse in the current frenzied global reorganisation of capitalism, the territorial or geographic dimensions of accumulation become ever less relevant. The impermanence of production sites means that accumulation is not fixed (time bound) in geographic co-ordinates. Fragmentation and recombination bring about constantly new social forms. If capitalism's earlier development resulted in geographic location, the creation of the nation-state system, and the rise of development theory, then its globalisation stage is resulting in a general geographic dislocation.⁶⁴ We are left with the social dimension, which is the real essence and subject matter of development as a process and as a condition.

Globalisation makes it increasingly appropriate to rethink 'developed' and 'underdeveloped' in reference to *populations* with no nationally defined geographic identity. In this construct, development is reconceived not in *national* terms but in terms of developed, underdeveloped and intermediate population groups occupying contradictory or unstable locations in a transnational environment, and the focus is on how accumulation processes which are no longer co-extensive with specific national territories determine levels of social development among a globally stratified population. Frobel *et al* advanced the influential argument two decades ago that an emergent New International Division of Labor (NIDL) involves the concentration of capital, technological innovation, knowledge-intensive production and management in the core and a shift in the labour-intensive phases of global production to the periphery.⁶⁵ However, the general tendency is for a 'peripheralization' of labour in advanced capitalist countries, and diverse new hierarchies and modes of labour control which themselves have become globalised, among them, part-time and 'temp' employment, subcontracting, contract labour, and home-based domestic outwork. The increasing mobility of factors of production (labour included, despite state restrictions) under globalisation has led transnational capital, in its search for cheap labour along with other factor cost considerations, to combine strategies of relocation to the periphery *and* the use of immigrant, ethnic and female labour pools in highly

segmented labour markets in the core. Similarly, the plummeting of wages and living conditions among broad majorities in core countries, 'downward levelling' and the global 'race to the bottom' have been well documented.⁶⁶

We have seen, in Central America, and more generally in both centre and periphery, the spread of 'polarised accumulation', in which an affluent developed population, including a privileged sector among segmented labour markets who enjoy a high skills/high-income participation in new patterns of flexible accumulation, can exist alongside super-exploited secondary and tertiary segments and a mass of supernumeraries constituting an 'underdeveloped' population within the same national borders and within the same region. This is a shift in the historic tendency from the homogenisation of regional labour markets (spatially segmented labour markets) to labour market diversification (in-place labour market diversification). The world market seems, in McMichael's words, to 'standardise consumption but differentiate production'.⁶⁷ Marketing strategies by TNCs tend to segment consumers according to class-based income brackets, producing a narrower range of different products for these brackets which are then standardised and marketed globally to these distinct segments. But these segments are dispersed globally. Affinities of consumption and lifestyle cut across national boundaries and unite (or divide) different social groups in a cross- or transnational setting. Shifting the focus in the spatial or geographic dimension of development from national 'downward' to subnational space (even down to the local level, eg inner-city versus affluent suburban space within the same city) and 'upward' to regional space may help us to specify the relationship of space to a global totality and to development as a social category. A simple loop by car through any of the Central American capitals and principal urban areas reveals the vast gap between social and cultural worlds within the very same city. Glittering malls replete with the latest the global economy has to offer, fast-food chains, beckoning recreational centres and well guarded residential neighbourhoods that would be the envy of any first world centre stick out as lagoons of wealth and privilege surrounded by oceans of poverty and mass misery, often divided only, and literally, by the very best security systems that social control technology can buy. One slips from 'development' into 'underdevelopment' without any geographic significance beyond urban geography. In an absolute sense the poor in Central America are much more poor than the poor of the USA or Europe. But the social dividing line is clearly not a national one.

The new locus of development processes is emergent transnational *social* space. There is no theoretical reason to posit any necessary affinity between continued uneven development and the nation-state as the particular territorial expression of uneven development. The concepts of centre and periphery (uneven and combined accumulation), of development and underdevelopment, may be reconceived in terms of global social groups and not nations in which core-periphery designates social position rather than geographic location. The tendency is towards a dissolution of the historic affinities between capital accumulation, states conceived of in the Weberian sense as territorially based institutions and social classes and groups. Class polarisation has progressed, as has uneven accumulation between regions characterised by hierarchies and divisions of labour, in which some zones are selected for global production

activities, others assigned 'feeder' roles (eg labour or raw materials reserves) and still others marginalised entirely from the global economy (the so-called 'fourth world'). The persistence, and in fact *growth*, of the North–South divide remains important for its theoretical and practical political implications. However, at issue is whether the divide is something innate to world capitalism or a particular spatial configuration of uneven capitalist development during a particular historic phase of world capitalism, and whether tendencies towards the self-reproduction of this configuration are increasingly offset by counter-tendencies emanating from the nature and dynamic of global capital accumulation, such as the search by mobile transnational capital for varied investment all over the world.

We need to move beyond neo-Kantian categoricals. Substituting the concept of the global and the local for the familiar binaries of core–periphery, developed–underdeveloped, and so on may be useful since it is less concordant with spatial boundaries or geographic regions, is capable of encompassing unequal distribution *within* as well as between national and regional entities, and does not imply a fixed hierarchical division within the totality. Unequal exchanges—material, political, cultural—are not captured so much in the concept of the *international* division of labour than in the *global* division of labour, which implies differential participation in global production according to social standing and not necessarily geographic location, and which accounts for sweatshops in East Los Angeles and Northern Honduras, as well as gated communities in Hollywood and Managua. Social order is increasingly organised globally, not nationally. It follows that inequality—the permanent consequence of capitalist social relations—is similarly organised globally, creating new forms that poverty and wealth take. I suggest that this reconceptualisation proposed here may allow us to research new social cartographies and to identify in these cartographies relational dimensions and agencies.

A global—rather than international—division of labour is characterised by labour hierarchies and developed and underdeveloped populations that cut across national boundaries. Here the concept of 'profiles' assumed in the GDL is important. The Central America case reminds us that different regions do acquire distinct profiles. But these profiles do not consign the different population groups in each region to underdevelopment by virtue of nationality or spatial location. We want to specify the relationship between regional profiles and the distribution of social rewards among a globally stratified population. On the one hand, participation in structures particular to specific regions may be a status in the same sense that gender and ethnicity are statuses that help shape the distribution of social rewards. On the other hand, geographic location (living in an 'underdeveloped country') does not necessarily confer this status on individuals and social groups. Globalisation fragments locally and integrates select strands of the population globally. The centralisation and concentration of economic power is accompanied by a disintegration of the cohesive structures of nations and their civil societies. Thus the effect of local economic expansion is often the advancement of some (delocalised) groups and deepening poverty for others. What accounts for the variation that social groups experience in their participation in a now-globalised collective labour process and in the distribution of social rewards? And what is the significance of space in accounting for this variation? These are

the questions for future research. However, the answers we develop will have great significance, in my view, for a renewal of the sociology of development.

Notes

- ¹ See, *inter alia*, Frans J Schuurman, *Beyond the Impasse: New Directions in Development Theory*, London: Zed, 1993; David Booth, 'Marxism and development sociology: interpreting the impasse', *World Development*, 13 (7), 1985; Booth, *Rethinking Social Development: Theory, Research and Practice*, London: Longman, 1994; Colin Leys, *The Rise and Fall of Development Theory*, Indianapolis, IN: EAEP/Indiana University Press, 1996; and R Peet, *Global Capitalism: Theories of Social Development*, London: Routledge, 1991.
- ² William I Robinson, 'Beyond nation-state paradigms: globalization, sociology, and the challenge of transnational studies', *Sociological Forum*, 13 (4), 1998, pp 561–594.
- ³ In 1994 I began an ongoing research project into globalisation and development in Central America. The first fruit of this research was 'A case study of globalisation processes in the Third World: a transnational agenda in Nicaragua', *Global Society*, 11 (1), 1997, pp 61–92. This was followed by the publication of subsequent findings in '(Mal)development in Central America: globalization and social change', *Development and Change*, 29 (3), 1998, pp 467–497; 'Latin America and global capitalism', *Race and Class*, 40 (2–3), 1998–99, pp 111–131; and 'Neo-liberalism, the global elite, and the Guatemalan transition', *Journal of Inter-American Studies and World Affairs*, 42 (4), 2000, pp 89–107. This research has culminated in my book, *Maldevelopment in Central America: Globalization and Social Change*, forthcoming.
- ⁴ The arguments in this section are discussed at greater length in William I Robinson, 'Globalisation: nine theses of our epoch', *Race and Class*, 38 (2), 1996, pp 13–31; Robinson, 'Beyond nation-state paradigms: sociology, globalization and the challenge of transnational studies', *Sociological Forum*, 13 (4), 1998, pp 561–594; Roger Bubach & William I Robinson, 'The fin de siècle debate: globalization as epochal shift', *Science and Society*, 63 (1), 1999, pp 10–39; William I Robinson & Jerry Harris, 'Towards a global ruling class: globalization and the transnational capitalist class', *Science and Society*, 64 (1), 2000, pp 11–54; and Robinson, 'Social theory and globalization: the rise of a transnational state', *Theory and Society*, forthcoming, 2001. The literature on globalisation is burgeoning. For reviews, see, *inter alia*, Malcolm Waters, *Globalization*, London: Routledge, 1995; Robert J Holton, *Globalization and the Nation-State*, London: Macmillan, 1998.
- ⁵ Isvan Meszaros, 'The uncontrollability of globalizing capital', *Monthly Review*, 49 (9), 1988, pp 27–37.
- ⁶ David Harvey, *The Condition of Postmodernity*, Oxford: Blackwell, 1990.
- ⁷ On the transnational capitalist class, see, *inter alia*, Robinson & Harris, 'Towards a global ruling class'; Leslie Sklair, *The Transnational Capitalist Class*, Oxford: Blackwell, 2001; and Kees van der Pijl, *Transnational Classes and International Relations*, London: Routledge, 1998. On the hegemony of transnational capital, see Stephen Gill, *American Hegemony and the Trilateral Commission*, Cambridge: Cambridge University Press, 1990; and Robinson, *Promoting Polyarchy: Globalization, Hegemony and US Intervention*, Cambridge: Cambridge University Press, 1996.
- ⁸ See William I Robinson, 'Social theory and globalization', and 'Capitalist globalization and the transnationalization of the state', forthcoming in Mark Rupert & Hazel Smith (eds), *Globalization and Historical Materialism*, London: Routledge.
- ⁹ See Robinson, 'A case study of globalisation processes in the Third World', 1997; and *Promoting Polyarchy*, 1996.
- ¹⁰ For detailed discussion, see Robinson, *Promoting Polyarchy*.
- ¹¹ McMichael, *Development and Social Change*, p 109.
- ¹² *Ibid*, p 92.
- ¹³ Edelberto Torres Rivas, *History and Society in Central America*, Austin, TX: University of Texas Press, 1993.
- ¹⁴ See, *inter alia*, Victor Bulmer-Thomas, *The Political Economy of Central America Since 1920*, Cambridge: Cambridge University Press, 1987.
- ¹⁵ Carlos M Vilas, *Between Earthquakes and Volcanoes: Market, State, and the Revolutions in Central America*, New York: Monthly Review Press, 1995.
- ¹⁶ Elizabeth Dore & John Weeks, 'Up from feudalism', *NACLA Report on the Americas*, XXXVI (3), 1992, pp 38–45.
- ¹⁷ See McMichael, *Development and Social Change*, p 90.
- ¹⁸ On the CBI, see R Feinberg & R Newfarmer, 'The Caribbean Basin initiative: bold plan or empty promise?', in R Newfarmer (ed), *From Gunboats to Diplomacy: New US Policies for Latin America*,

- Baltimore, MD: Johns Hopkins University Press, 1984. On the Kissinger Commission Report, see *Report of the National Bipartisan Commission on Central America*, Washington, DC: Government Printing Office, 1984. For discussion of early adjustment programmes in the region, see Bulmer-Thomas, *The Political Economy of Central America*, esp pp 244–294. Although Nicaragua did not negotiate with the IFIs it did undergo its own adjustment and export promotion. To be sure, there was no consensus among the transnational elite on how to proceed with counter-revolutionary in the Isthmus (eg a military versus a political defeat of revolutionary forces, etc).
- As compiled by Gary Gereffi, 'Global shifts, regional response: can North America meet the full-package challenge?', *Bobbin*, November 1997, table appearing on p 2. The 1998 Department of Commerce figure for Nicaragua was reported in National Labor Committee (NLC, 275 7th Ave, 15th fl, New York), 'Serious and systematic worker rights violations at Chentex Garment', press statement, 31 May 2000, retrieved on 15 June 2000, from <http://www.nicanet.org/nicaragua/pressenglish.htm>.
- As reported by Larry Willmore, 'Reflexiones sobre la promocion de exportaciones en Centroamerica', in Mario D Tello & William Tyler, *La Promocion de Exportaciones*, table 4, p 61.
- Jenkins *et al*, 'Export processing zones in Central America', as calculated from Tables 4–8, pp 27–30. Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean, 1993*, Santiago: ECLAC, 1995.
- See, *inter alia*, Richard Barnet & John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order*, New York: Simon and Shuster, 1994; Philip McMichael (ed), *Food and Agrarian Orders in the World Economy*, Westport: Praeger, 1995; and Alessandro Bonanno, Lawrence Busch, William Friedland, Lourdes Gouveia & Enzo Mingione (eds), *From Columbus to ConAgra: The Globalization of Agriculture and Food*, Lawrence, KA: University Press of Kansas, 1994.
- McMichael, *Development and Social Change*, p 100.
- For detailed analysis see M Conroy, D Murray & P Rosset, *A Cautionary Tale: Failed US Development Policy in Central America*, Boulder, CO: Lynne Rienner, 1996; and also B Barham, M Clark, E Katz & R Scharman, 'Non-traditional agricultural exports in Latin America', *Latin America Research Review*, 27 (2), 1992; and M Clark, 'Non-traditionals export promotion in Costa Rica: sustaining export-led growth', *Journal of Inter-American Studies and World Affairs*, 37 (2), 1995, pp 181–223.
- See United Nations Development Programme, *Human Development*, various issues from 1992–2000.
- See for example P English, *The Great Escape: An Examination of North–South Tourism*, Ottawa: North–South Institute; and D Harrison (ed), *Tourism and the Less Developed Countries*, London: Bellhaven, 1992.
- See World Tourism Organization, *Economic Review of World Tourism: Tourism in the Context of Economic Crisis and the Dominance of the Service Economy*, Madrid: WTO, 1988.
- Oscar Barrera Perez, 'Turismo y globalizacion: un reto para Nicaragua', *Encuentro*, XXX (47), 1998, pp 46–53.
- 'Practicing responsible tourism ...', Table 1.3, p 4.
- 'Central American presidents draw up joint plan to develop regional tourism industry', *Ecocentral*, 1 (3), 1996, Latin America Data Base, Latin American Institute, University of New Mexico.
- Barrera Perez, 'Turismo y globalizacion', p 49. The 232 000 salaried workers are reported in World Tourism Organization, *Tourism Economic Report*, Madrid: WTO, 1998, Table 3.10, p 92 (no country breakdown provided).
- On Costa Rica, see *ibid*. On Nicaragua, see Barrera Perez, 'Turismo y globalizacion', p 52. On Honduras, see World Tourism Organization, *Tourism Economic Report*, Table 4.8, p 108. On Guatemala, see EIU, 'Guatemala', *International Tourism Reports*, 4, 1997, p 98.
- Peter Dicken, *Global Shift: Transforming the World Economy*, New York: Guilford, 1998, p 64.
- See, eg, Peter Stalker, *Workers Without Frontiers*, Boulder, CO: Lynne Rienner, 2000, p 22, who notes among other examples that Indonesian workers could earn \$0.28 a day at home compared with \$2 or more in Malaysia.
- See, eg, Manuel Orozco, Rodolfo de la Garza & Miguel Baraona, *Inmigracion y Remesas Familiares*, San Jose: FLACSO-Costa Rica., 1997, pp 54–55.
- Charles Brockett, *Land, Power and Poverty*, Boulder, CO: Westview, 1998.
- See Harvey, *The Condition of Post-Modernity*, Oxford: Blackwell, 1990; Robert Cox, *Production, Power and World Order*, New York: Columbia University Press, 1987; Jeremy Rifkin, *The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era*, New York: Putnam, 1995; Alain Lipietz, *Mirages and Miracles: The Crisis of Global Fordism*, London: Verso, 1987; Dicken, *Global Shift*; Frobel *et al*, *The New International Division of Labor*, Cambridge: Cambridge University Press, 1980; and Ankie Hoogvelt, *Globalization and the Postcolonial World*, Baltimore, MD: Johns Hopkins University Press, 1997.
- At the systemic level, the reproduction of capital remains dependent on that of labour and this represents a contradiction internal to the global capitalist system. What has happened is a globalisation of the classical 'realisation problem'. As domestic markets become less important for the consumption

of what is produced, the output of each nation and region is exported to the global market. The problems of underconsumption and market saturation become transferred to the global level. Zones of high absorption become the pillars of the system, or the 'markets of last resort', in times of economic difficulty, such as the USA in the mid, and especially the late, 1990s, following the 1997 Asian financial collapse.

On the hegemony of capital and political regimes of accumulation, see Michael Buroway, *Manufacturing Consent: Changes in the Labor Process Under Capitalism*, Chicago, IL: Chicago University Press, 1979. On social structures of accumulation, see David M Kotz, Terrence McDonought & Michael Reich, *Social Structures of Accumulation: The Political Economy of Growth and Crisis*, Cambridge: Cambridge University Press, 1994.

For a summary of this neoliberal line of reasoning, see Victor Bulmer-Thomas, 'Introduction', and Jim Thomas, 'The new economic model and labor markets in Latin America', in Bulmer-Thomas (ed), *The New Economic Model in Latin America and its Impact on Income Distribution and Poverty*, New York: St Martin's, 1996.

Manuel Castells & Alejandro Portes (eds), *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore, MD: Johns Hopkins University Press, 1989. Castells and Portes define the informal economy as 'the unregulated production and distribution of licit products' ('Introduction', p 15).

Although all the republics dramatically reduced civil servant and other public sector employment rolls, Nicaragua was most affected. Over 285 000 public sector workers lost their jobs in the early 1990s (moreover, women were disproportionately affected in this process). See Karen Jansen Kuhn, *Structural Adjustment in Nicaragua: Tearing the Economic and Social Fabric*, Washington, DC: The Development Gap, 1995, p 14.

Castells & Portes, *The Informal Economy*.

Ibid.

ILO, *La Industria Maquiladora en Centroamerica*, compiled from graphs on pp 5–6.

The ILO notes that some Central American entrepreneurs who participate in the *maquiladora* industry come from older capitalist strata but there are also 'many new businesspeople who were earlier professionals or engaged in other activities'. *La Industria de la Maquila en Centroamerica*, pp 6–7.

For discussion of local capitalist EPZ developers and of these new forms of collaboration in the *maquiladora* sector, see Teresa S Weersma-Haworth, 'Export processing free zones', in ILO, *La Industria de la Maquila en Centroamerica*; and Jenkins *et al*, 'Export processing zones in Central America'. On subcontracting arrangements, see Jorge Nowalski, Pedro A Morales & Gregorio Berliawski, *Impacto de la Maquila en la Economia Costaricense*, San Jose: Alternativas de Desarrollo, 1994; and Cecilia Green, 'The Asian Connection: The US–Caribbean Apparel Circuit and a New Model of Industrial Relations', *Latin American Research Review*, 33 (3), 1998, pp 7–47. Green notes, 'These well-known companies [the leading TNC retail contractors, eg Wal-Mart, K-Mart, J C Penny, Sears, Saks Fifth Avenue, Calvin Klein, Gap, etc] hide behind anonymous subcontracting arrangements to take advantage of some of the most exploitative working conditions in the Americas today' (p 13).

The theme of peasant differentiation as commercial agriculture spread is a major one in rural sociology and goes back to long-standing debates on the agrarian origins of capitalism. (For a summary discussion, see Ellen Meiksins Wood, 'The agrarian origins of capitalism', *Monthly Review*, 50 (3), 1998, pp 13–31.) Most studies on NTAES, including almost all those cited here, confirm the differentiation process. A notable exception is David Glover & Ken Kusterer, *Small Farmers, Big Business: Contract Farming and Rural Development*, New York: St Martin's Press, 1990, who found processes of differentiation and also of homogenisation in their various case studies from Latin America and Africa. Even they, however, note: 'Over the long run, social differentiation among outgrowers [farmers contracted by agribusiness] will probably occur' (p 141).

By way of anecdote, the USAID observes that 'the need for instant communications in the produce business has led to sales of fax machines in isolated rural areas', US Agency for International Development (AID), *Harvest of Progress* (Washington, DC: AID, December 1994), p 8.

See, eg, Barham *et al*, 'Nontraditional agricultural exports in Latin America'; and Robert Codos Friedmann, *Exportaciones Agrícolas No Tradicionales de El Salvador* (San Salvador: PREIS, 1991).

The role of local purchasing agents as commercial intermediaries is discussed by Claudia Dary Fuentes, *Mujeres Tradicionales y Nuevos Cultivos* (Guatemala: FLACSO, 1991), esp ch 3, 'comercialización de productos no tradicionales'.

See Conroy *et al*, *A Cautionary Tale*, pp 95–96.

Both citations from Malcolm Waters appear in *Globalization*, p 154. On the 'pleasure periphery', see L Turner & J Ash, *The Golden Hordes*, London: Constable, 1975, as discussed by Waters in *Globalization*, pp 153–154. See Mowforth & Ian Munt, *Tourism and Sustainability*, for an analysis of the 'new tourism', and in particular p 100, box 4.6, for a list of forms of 'alternative' tourism.