

In conclusion, contrary to what is frequently maintained in the West, working conditions are deteriorating everywhere under capitalism, in the Third World and elsewhere. This is not the effect of globalization or unfair competition of rivals using methods of overexploitation. It is entirely within the logic of capitalism. It is this logic which incites each firm to increase productivity and work intensity so as to obtain extra surplus-value. It is this logic which obliges the others to practise the same methods to avoid being eliminated from the sector. From that point of view, the liberation of labor can only come from outside capitalism. Marx gave many reasons for this, beginning with the private property of means of production, i.e. firms and factories. It is in this framework that the rationalization of labor is organized.

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*Minding Your Own Business: Business Education for Labor Activists*. Dublin: Oak Tree Press, 2001, with David Jacobson and Keith Warnock.

## **Emerging Global ‘state-like’ Structures and the Possibility of a Transnational SSA**

**[IE] Emlyn Nardone & Terrence McDonough**

Our purpose is to examine some of the transformations that have recently taken place within the “state,” broadly conceived from a Social Structure of Accumulation (SSA) perspective. The nation-state has traditionally provided conditions for the functioning of circuits of accumulation. While various national state structures remain a necessary part of this process, the territorial aspect of states and therefore the nation-state has been problematized by capitalism’s growth beyond national boundaries.

Justifying SSA theory’s initial preference for a nation-centric analysis, McDonough argues that:

“Since political and ideological institutions are an important part of any SSA, and politics and ideology are often country specific to particular regions or even nations, it seems appropriate to consider SSAs as national or regional phenomena rather than as ones encompassing the whole of the capitalist world” (McDonough, 1994, p. 79).

Such country specific approaches have been fruitful in an historical setting where a system of nation-states was the predominant state form. (Kotz et al., 1994, p. 308-309). However, this type of analysis is in need of revision in order to better conceptualize the emergence of global and transnational (as opposed to national and inter-national) patterns of production and consumption and consequently the global scale of accumulation which increasingly characterizes the contemporary political economy.

The fundamental elements of national capitalisms (class relations, production, commerce, finance) have over-spilled national institutional confines. Following from this, the 'inter' national economy framework that governed economic and political activity between nation-states has also evolved beyond previous institutional constraints. These tendencies which can be viewed as 'trans' and 'supra' national outgrowths from previously nationally articulated SSAs cannot therefore be explained by the type of nation-centric study originally carried out within the SSA school. An emerging global SSA can no longer be appropriately theorised as the culmination of nationally-sited SSAs with their individual logics of accumulation driving the world's economy. While territorial state units are still arguably the most important elements in governing the world economy their role and function have been problematised by the globalization of capital, the increasing influence of non-state actors, and various advances in technology and communications which have resulted in the compression of space and time and an increased ability of production to take place on global scales.

In any attempt to capture the complexity of the emerging global SSA, it is important to consider the dialectic of states and markets:

“Since the middle of the nineteenth century, the development of the international (and now increasingly global) political economy has been associated with the dialectical interplay of the rivalries between more integral nation-states on the one hand and the forces of globalizing capitalism on the other” (Gill, 1993, p. 75).

Throughout the history of capitalism this interplay between these two pivotal elements has been a major determining force of both the growth and decline of capital accumulation (Schwarz, 2000). However, states and markets cannot be analytically isolated from each other. The success of capitalist accumulation relies on mediating the relationship between economic logics and pressures on the one hand and social requirements and demands on the other.

This mediation process can be described in terms drawn from Karl Polanyi's *The Great Transformation*. Polanyi identified a two-fold movement in the development of capitalism. The first movement was the state's diminishing role in core economic activity ironically through intervention to allow market forces take over many functions previously carried out by states in the realm of production and distribution. The second aspect of this movement was the opposing reaction that society developed to the negative effects of a more purely market driven economy, thus forcing the state to intervene again to soften the harsh effects of *laissez faire*.

Since the late 1960s when the Keynesian-inspired post-war economy began to experience seemingly intractable problems of rapid inflation and rises in unemployment along with the cost of social programs, states have emphasized the first aspect of Polanyi's two-fold movement. This policy shift can be seen in the emergence of a neo-liberal so

called 'global' economy. But while Polanyi's movement described the process of regulating capitalism in a nation-state system, the effect of market reorganization and production at present poses a different set of problems for states attempting to carry out the second part of Polanyi's movement by making it much more difficult to implement rules to govern capitalism thus requiring innovative sets of structures and institutions. Furthermore any new transnational institutions created to reign in capitalism will also serve to cement and legitimate its escape from and therefore operation outside the nation-state system, further undermining traditional inter-national governance mechanisms.

These factors provide the impetus for the creation of new forms of governance for capitalism. In the classical Marxist tradition the modern state is fundamentally a capitalist state. It is the outcome and partial embodiment of a particular configuration of class relations engendered by the capitalist mode of production and represents one class's domination over another. Following in this tradition a globalization of production relations is at the same time a globalization of class relations.

The neo-gramscian school (Cox, 1987, Gill and Law, 1988, Gill, 1990) and the Amsterdam school (Van Der Pijl, 1984, 1998, Overbeek, 2001, van Appeldoorn, 2004) in international political economy have examined the formation of an emerging transnational capitalist class (TNCC) and the effects of this on production relations. Drawing from these insights, political sociologist William I. Robinson has examined the possible emergence of a Transnational State (TNS) apparatus to embody this TNCCs' political interests (Robinson, 2001, 2004, 2005). Robinson describes this TNS as an apparatus that,

"is multilayered and multifaceted. It links together functionally institutions that exhibit distinct gradations of "stateness," which have different histories and trajectories, and which are linked backward and forward to distinct sets of institutions, structures and regions. The supranational organizations are both economic and political, formal and informal... [t]hese supranational planning institutes are gradually supplanting national institutions in policy development and global management and administration of the global economy" (Robinson, 2001, p.166).

This emerging structure is an attempt to replace the role previously played by hegemonic nation-state powers in earlier epochs of capitalism by providing the necessary instruments to allow for the reproduction of class relations within global accumulation processes.

We wish to emphasize that Robinson's and especially our use of the term TNS should not be confused with the idea of a global state or be associated with the demise of nation-states. It is a qualitatively different form of state with different roles and competencies than those in the national variants. It can be seen as more of an emerging network of bodies, forums, institutions and regions including pre-existing national state structures that are being unified and transformed by the interests forwarded by the TNCC.

In this sense the less definite terminology of transnational state-like structures may be more appropriate.

As transnationalizing capitalist classes have a shared outlook they coalesce in global spaces and influence decisions through supranational bodies by either redefining existing international institutions such as the IMF or creating new bodies out of less formal forums such as the creation of the WTO which was born from the General Agreement on Tariffs and Trade (GATT). These bodies increasingly act in ways and take on roles which previously used to be exclusive to states. For example the IMF has in certain circumstances become a lender of last resort while the WTO has taken to defending intellectual property and determining tariffs.

According to Robinson the nation-state is increasingly acting as the 'neo-liberal state' (Robinson, 2001, p. 183) or as Cerny calls it a 'competition state' (Cerny, 1990, p.53) and thus is increasingly administering economic and political reforms (sometimes requiring constitutional redrafting) with fundamental consequences for production relations. These policies have been formulated in supranational institutions representing a TNCC interest. This elite class's influence is deeply ideological in that it has found means of consensually controlling decisions made in national states through advisors, experts, or by straightforwardly financing various administrations on both the left and right of the political spectrum.

In the current period, when state action is examined at the national level, differences in form, policies and operation may be still very apparent. However, the significance of these differences has been transformed. These tailored sets of policies and bodies may be viewed as drawn from a more or less extensive menu of instruments which menu is itself part of the emerging global SSA and effectively determines production, competition, regulation and consumption within both domestic and global spaces. This ensemble of institutions with its underlying neo-liberal ideology both transcends and transforms states. Robinson sums this point up:

"But far from the "end of the nation-state," as a slew of recent studies have proclaimed, we are witness to its transformation into neo-liberal states. These neo-liberal states as component elements of a TNS [Transnational State] provide essential services for capital. National governments serve as transmission belts and filtering devices for the imposition of the transnational agenda." (Robinson, 2001, p. 188)

In the absence of more formal structures that are able to act in a 'state-like' manner to manage the global economy there has developed what has been described as a *nébuleuse*, a co-ordinating capacity that functions often without any explicit political powers of implementation. This *nébuleuse* consists of the various world and multilateral organizations, talk shops and forums such as the G-8, the World Economic Forum and the Trilateral Commission. These act in a kind of policy prescription and advisory capacity to the major

players in the economy (Cox, 1994). They also supplement existing more formal institutions such as the OECD, the BIS the World Bank and the IMF. The channels of these forums are often targets to be captured by economic and political elites who dominate the flow of ideas through the use of policy institutes, Non-Governmental Organisations (NGOs), media outlets (which are now almost all privatized), and lobbying on national and global levels. This form of policy prescription functions as a type of ideological consensus building and acts as a conduit to orchestrate the implementation of policies through many different states at one time. This top down strategy is further buttressed by similar efforts at regional and state levels where pressures exerted by industry and organizations with a global outlook challenge those of domestic labor movements and local industry. In the social sphere the spread of 'democracy, freedom and human rights' is forwarded hand in hand with economic restructuring thus lending any emerging SSA framework a sense of legitimacy. These principles influence policy in nation-states by acting either as a 'guiding hand' or as a 'moral compass' in both developed and developing states and also serve to shape national aspirations in emerging states.

In this context, conflicts of interest can exist between local and transnational capitalists within indigenous domestic settings and also between local and transnational capitalists in transnational settings. The state must try to mediate this conflict by assuaging local interests while at the same time enforcing agreements made on the transnational level. This division between local and transnational capital operating both with the nation-state and transnational institutions has the potential to replace more traditional divisions between financial, industrial and commercial capital.

In reacting to the demands global accumulation presents, nationally conceived governance instruments have tentatively begun to transform and restructure by ceding authority in certain areas especially over macroeconomic issues to 'trans' and 'supra' national bodies. In terms of currency and interest rates within the Euro-zone, the ECB has taken over many of the roles of national central banks. In North America, the North American Free Trade Area (NAFTA) signatories have delegated authority over labor and trade disputes to the formulations and authorities agreed upon in that treaty. The World Trade Organisation (WTO) can impose fines and sanctions on nations contravening trade rules. Economic institutions such as the WTO, have, as Biersteker has pointed out, "begun to extend their intrusiveness into the previously sacrosanct domain of the 'domestic' by criticising some labor policies, consumer product safety standards and environmental accords as non-tariff barriers to free trade" (Biersteker, 2002, p. 169).

The IMF and World Bank (WB) have increased their leverage in determining structural reforms by charting neo-liberal courses of action for states experiencing economic difficulty. Often loans were made by these organisations with inbuilt conditions on trade reform for example (Rodrik, 1992). These have the side effect of restructuring or even creating domestic institutions to implement these imposed reforms thus further

undermining the nation-state's ability to mediate the capital-labor relationship in favor of its population.

States have increasingly disengaged from explicit involvement in national economies especially with regard to any form of nationalized production (steel and auto industries), many services (national airlines and postal services) and finance (national banks) hence allowing them to be more fully integrated into global circuits and thereby subjected to global accumulation logics operated by various private interests. These developments have had profound implications for the legitimacy of the liberal democratic state as the principal form of representation for citizenry. As Axtmann notes:

“Exterritorial global forces both invade the space of the nation-state and, because of their extritoriality, are operating outside the controlling reach of the nation-state. Both as space invaders and space evaders do they challenge the democratic polity” (Axtmann, 1996, p. 131).

This raises the question of how bodies not territorially sited and not having a direct sovereign mandate can be legitimized and be seen to be acting democratically thus delimiting any inclination to roll back the effects of global capitalism.

This has been accompanied by increased regionalization which has come about as a result of established nations attempting to create buffer zones against unrestrained capitalism under the pressure of globalization (Télo, 2001, p. 1-17 and Chapter 13). Regionalisation has taken many different forms. There are political- economic variants such as the European Union (EU); more strictly economic arrangements such as North American Free Trade Agreement (NAFTA); trans-regional arrangements such as the Asian-Pacific Economic Co-operation (APEC) which acts as a forum for the Association of Southeast Asian Nations (ASEAN), NAFTA and other states such as China and Australia. Furthermore there are region-states as in the Northern United States and Canada where economic logics form a regional connection as in the Great Lakes area between Detroit and Toronto. (See Télo 2001, Ohmae, 1993).

Paradoxically, regionalisation supports the participation of small nations in the global economy as independent states. ‘Stateless’ nations can claim economic viability in a restructured global economy as the traditional large scale heavy industries of manufacturing and resource extraction are no longer pre-requisites to survive. Service industries such as banking and finance can now compensate for the more traditional manufacturing industries and make smaller states viable while also providing competition for more established countries by challenging them for the capture of foreign direct investment (FDI). This new found viability of small states serves an important role for capitalist interests. The more traditional European nation-states have experienced increased competition from newer states which have brought less ‘baggage’ to forming institutions to underpin capital accumulation in the new conditions. This trend towards emerging nation nationalism can

also lend globalization a sense of legitimacy. While established democracies may feel they are ceding sovereignty, newer states are feeling increasingly enabled and empowered, at least initially.

The area of human rights is an important discourse relating to the development of transnational state-like structures. The universalisation of human rights has become so institutionalized and diffused within the international system that it has become one of the pre-requisites of new state recognition. States must now not only satisfy the requirement of being domestically acceptable to their own populations (which was the previous criteria for full state recognition) but must also be globally acceptable through ensuring “requirements such as the establishment and consolidation of democratic institutions, the treatment of the rights of minority populations, and even the management of the economy” are met and furthermore by ensuring international standards on property rights, gender and other areas previously regarded as ‘private’ are consistent with global ‘norms’ (Biersteker, 2002, 169). In other areas bodies such as the International Court of Justice (ICJ) deal with cases between states regarding areas such as cross border pollution while the International Criminal Court (ICC) deals with issues like war crimes and genocide. By dealing with concerns outside the remit of national states these bodies can help maintain a sense of authority and belief in a global system which is a vital ideological aspect of any emerging transnational state-like structure.

In a more complex and fragmented world with an increasingly globally sited capitalism the role of leadership or hegemon in the global system has also been problematised. A single state can no longer act as sole guarantor for non nation-state dominated capitalism. A centre of gravity for the economy is therefore more difficult to situate both in theoretical and practical terms.

## Conclusion

It is now timely to begin to assess whether patterns of increasing global accumulation actually constitute a global SSA. SSA theory as described by Reich is “above all an investigation of the qualitative distinctions that demarcate different periods, different stages of capitalism, with a particular focus on the transformative processes that led from one SSA to another” (Reich, 1997, p. 2). By using SSA theory’s three principal analytical tools -namely the historical, the comparative and the programmatic- we can discuss the extent and manner of Reich’s ‘transformative processes’ and examine whether or not there exists an emerging, distinctive SSA.

An inter-national political economy can be defined as one which consists of a collection of nationally distinctive SSAs. Such national SSAs were connected through ‘inter’ national institutions where states made efforts to govern what was essentially a

congregation of nationally sited capitalisms. Circuits of accumulation and production were mediated by borders which were policed and regulated by the system of states utilizing a set of international governance mechanisms to assist in this process.

However, in the current period, states needed to shift their emphasis from tightly regulated domestic systems to more deregulated open systems that would attract investment and enable their own nationally sited productive forces to compete more effectively in global markets. This new approach represented an ideological shift towards a new strain of liberalism and led to the transformation of existing national SSAs and the international regimes of accumulation that had previously complemented but ultimately limited capital's capacity to expand.

This new programme for capitalism required new trans-national institutional frameworks to govern capitalism's expansion outside of the traditional and limited remits of nation-states. So while states continue to exist and perform functions under their original national titles, their roles are condensing and increasingly led by determinations at a global level. While some moves have been initiated to redress the internal contradiction of global capitalism relating to regulation without sovereignty, social disenchantment in individual countries remains the main threat to the overall stability of the system.

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