

[IE] Emlyn Nardone & Terry McDonough**Contact Information**

Address: Department of Economics

National University of Ireland, Galway

Galway

Ireland

Telephone: 353-91-493164 (office)

Fax: 353-91-524130

Email Address: terrence.mcdonough@nuigalway.ie

Homepage: http://www.economics.nuig.ie/personnel/peoplepage.php?person_id=12

Dr. Terrence McDonough's undergraduate degree is from Goddard College, Plainfield, Vermont and his Ph.D. is from the University of Massachusetts at Amherst. Before joining NUI, Galway in 1995, other appointments were at the Institute for Industry Studies, New York State School of Industrial and Labor Relations at Cornell University, at Canisius College, Buffalo, and at Dublin City University. He has been a visiting scholar at the Curtin University of Technology and the University of Newcastle, both in Australia. His current research interests include globalization, American and Irish economic history, political economy, the history of economic thought and economics education for labour and community groups. He is working on a short book on contemporary economics and the Great Irish Famine and a collection of essays on the history of Irish economic thought. He is the director of the CentreSTAGE project funded by the Irish Research Council on the Humanities and Social Sciences which is analyzing globalization as a new stage of capitalism.

Selected Publications:

(1) Was Ireland A Colony?: Economics, Politics, Ideology and Culture in the Irish Nineteenth Century, edited. Dublin: Irish Academic Press, 2005.

(2) "Gordon's Accumulation Theory: The Highest Stage of Stadial Theory," Review of Radical Political Economics, Vol.31, No.4, Fall 1999.

(3) "Of Rats and Economists," Journal of the History of Economic Thought, Vol. 25, No.4, December, 2003.

(4) Social Structures of Accumulation: The Political Economy of Growth and Crisis, edited with Michael Reich and David Kotz. Cambridge University Press, 1994.

Transnational ‘State-like’ Structures and the Social Structure of Accumulation

Emlyn Nardone & Terrence McDonough

Abstract: This paper examines the role of emerging transnational political structures in the formation of a global social structure of accumulation. These structures are theorized as a new form of political organization which is “state-like.” An initial effort is made to concretely identify an important subset of these structures.

Key words: Social Structures Accumulation Transnational State Global

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 (see Kotz et al 1994). 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.

The fundamental elements of national capitalisms (class relations, production, commerce, finance) have over-spilled national institutional confines. These tendencies, which can be viewed as ‘trans’ and ‘supra’ national outgrowths from previously nationally articulated SSAs, therefore cannot 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 globalisation of capital, the increasing influence of non-state actors, and various advances in technology and communication which have resulted in the compression of space and time and an increased ability to organize production on a global scale.

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, among other things, one class’s domination over another. Following in this tradition a globalization of production relations can be seen as at the same time a globalization of class relations.

International Political Economy

The neo-gramscian school (Cox, 1987, Gill and Law, 1988, Gill, 1990) and the Amsterdam school (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. Cox's work is the most ambitious attempt to apply a Gramscian historical materialism to international relations theory (Linklater, 1996). Essentially he applies Polanyi's ideas about state regulation and re-regulation to the 'internationalisation' of the state which necessarily involves the reconstruction of state structures in line with the expansion of capitalist production relations. This process resulted in the eroding of the power of labour in a global context in contrast to the increasing structural power of capital. The Gramscian aspect of his work emphasizes that the most prominent forces within the interstate system achieve a form of ideological consensus through both coercive and non-coercive methods, which then dictates how best to proceed in restructuring domestic economies. Thus, "the internal structures of states are adjusted so that each can best transform the global consensus into national policy and practice" (Cox, 1987, p. 254).

The sources of this transformation in the relationship between state and world economy are not part of a teleological triumph of global capitalism or a technological inevitability but arise more from a political agenda designed to reconfigure the balance of power between capital and labour and other fetters on the globalisation of production. Central to this, according to Cox, is that

"key aspects of economic management are therefore to be shielded from politics, that is to say, from political pressures. This is achieved by confirmed practices, by treaty, by legislation and by formal constitutional provisions" (Cox, 1992, p. 32).

In Cox's view, these processes are associated with the globalisation of national classes and class fractions in line with internationalising capital and economy. The internationalisation of various configurations of class relations involves the internationalisation of the state. As national classes increasingly interpenetrate one another, the need for states structures that capture this activity becomes prominent. Transnational classes first rise out of the more dominant states but their defection from states leads to a loss of hegemony for the state and a transfer of that authority to the agents of transnational production and capital. Hence, instead of there being anarchy in the international system, Cox argues that transnational governance and hegemony exist through capitalist class interactions on a global basis.

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 organisations 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).

We wish to emphasise that Robinson’s and especially our use of the term TNS should not be confused with or be associated with the demise of nation-states or the idea of a global state in the traditional sense. The TNS concept is a qualitatively different form of state with different roles and competencies from those in the heretofore 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 in the process of being unified and transformed. In this sense the less definite terminology of transnational state-like structures may be more appropriate.

The New Medievalism

While these international structures have been ceded a certain amount of sovereignty by states, they are not necessarily themselves state structures, that is, they do not rely for their authority on monopolizing the political exercise of force. The persistence of states, the transformation of existing structures and institutions, and the emergence of new ones can be understood through the framework of the New Medievalism. Governance in medieval Europe functioned through elaborate hierarchies. Authority was multiple and boundaries were overlapped in changing configurations. Many areas were subject to various systems of law and governance. There was no centre of universal competence in the way that has come to traditionally exist in the nation-state. So in a sense sovereignty was distributed rather than concentrated. Governance within the medieval period was determined by the relationships between Church and Emperors, between rival Kings, between Kings and feudal lords and between feudal lords and their vassals and so on down the line. Hence there were different spheres of influence making it impossible to posit a single authority or power in specific locations, resulting in overlapping claims and various simultaneous loyalties.

International relations theorist Hedley Bull coined the phrase ‘New Medievalism’ in the late 1970’s to describe certain parallels between contemporary developments in the modern state system and the system of governance loosely applied by overlapping powers and authorities in medieval Europe (Bull, 1977). Bull recognised a number of trends in the international system which led him to apply this metaphor: 1) regional integration as

exemplified by the EU (but including other forms of regional integration); 2) disintegration of existing states into smaller regions of local governance, e.g., devolution in the United Kingdom or regional autonomy in Spain; 3) increases in private (terrorist, criminal) violence, which challenges the states' monopoly on violence; 4) the increase in influence of international and transnational organisations; and 5) the technological unification of the world, especially in forms of production, transport and communication (Gamble, 2001).

The New Medievalism assumes that the world is experiencing the end of strict national sovereignty (for critiques of this position see Krasner, 1999). It sees the nation-state being supplanted by horizontal networks of states, NGO's and international institutions. These theorists envision a world of multiple allegiances and responsibilities replacing the undivided loyalty formerly owed by the citizen to the sovereign state. In this new-medieval world, sub-national, national and supranational institutions share authority over individuals.

Within New Medievalism we have the nation state system and the transnational market system as powerful organisational patterns with universalistic aspirations that operate as a counter-balance to the centrifugal effects of social fragmentation. This helps to explain how and why in the global neoliberal world, like in its medieval counterpart, a certain degree of stability and coherence was maintained despite the loss of the hegemony of one all-encompassing organising principle. Hence, the new medievalism is a system of overlapping authority and multiple loyalty held together by a duality of competing universalistic claims from the state system and market economy.

Developing Components of the Transnational State

Robinson (2001, 2004) identifies the emergence of a form of a transnational state structure that seeks to mimic the role previously carried out by either a dominant state, an empire, or a constellation of states that have a common interest in maintaining a particular configuration of power in the international system. However, very little work has been done on actually describing the scope of the components of such a structure and the extent of its power or capacity to fulfil this role.

The growth of regional organisations through the formation of trade blocks has been enormous. Every continent now has some form of regional forum with varying degrees of competencies. These regional arrangements sometimes function as quasi states in certain policy areas and at other times function as completely new forms of structural organisation, in that their internal coherence is based upon shared or pooled sovereignty and compromise between many states rather than on the concept of homogeneity through nationality, for example, which informs traditional nation-states. While regional forums have developed at difference paces and their functionality varies widely, there is an undeniable movement towards the pooling of regional sovereignty especially in matters pertaining to trade.

While the European Union (EU) is the most widely known regional arrangement, its creation has often been influential in regional integration efforts in others areas of the globe (Cameron, 2005). The African Union (AU), for example, draws together a whole myriad of regional and subregional arrangements through the African Economic Community (AEC).

Similar arrangements exist in other areas of the globe. The Association for South East Asian Nations operates a free trade area through the Asia Free Trade Agreement. UNASUL/UNASUR in South America operates a customs union and free trade area in most of its member states. The Gulf Area Free Trade Agreement and North American Free Trade Agreement (NAFTA) are free trade arrangements in the Persian Gulf region and North America respectively that may lead to further economic integration efforts.

One of the most important issues in integrating different regions into a global accumulation process concerns the provision of finance and capital for the development of markets. This is often facilitated on a global level through international financial institutions (IFIs). Located within the United Nations system, but with independent mandates, the IMF, and the World Bank Group (WBG) play key roles, especially in the area of development. Through its use of structural adjustment programmes, the IMF can determine domestic economic policy in states requiring its assistance. The WBG operates through five constituent organisations. It provides capital for infrastructure projects to sovereign states through the International Bank for Reconstruction and Development and the International Development Association, capital to private firms in developing states through the International Finance Corporation, investment risk insurance through the Multilateral Investment Guarantee Agency, and investment dispute resolution mechanisms between private interests and states through the International Centre for Settlement of Investment Disputes (ICSID). Through all these instruments these global financial institutions can facilitate the integration of developing states into various circuits of accumulation. Underlying these global institutions are a whole array of regional and subregional financial institutions and Multilateral Development Banks with links to the global level IFIs.

On a global scale, trade is governed by the World Trade Organization (WTO) which is an outgrowth of the General Agreement on Tariffs and Trade (GATT) agreements. The formation of the WTO is an example of a practice known as forum hopping. This occurs when one forum fails to resolve issues due to a restrictive mandate or because it insufficiently privileges the more powerful states. The trade organisation originally envisaged under the UN system through Bretton Woods was the International Trade Organization, but the most powerful members used the GATT vehicle instead. The WTO has truly global oversight in matters of trade and can permit member states to implement sanctions over other states if they fail to adhere to trade agreements. The body also has a judicial mechanism and uses the power of states to enforce its rulings.

Aside from the organisations that originate as outgrowths of the official governance

mechanisms of states, there are many organisations from the private sphere which make up global civil society. Of course, many of these organisations exist as opposition to globalism and seek to put forward their own alternatives to global neoliberalism, i.e. Greenpeace, World Social Forum, etc. Others act as forums to facilitate globalization. Often these bodies have a predominantly ideological or policy formulation function. One example is the International Chamber of Commerce (ICC) which claims to keep national governments, global bodies, and the UN system apprised of issues deemed important to international business. The ICC also holds a meeting with the G8 host country before each summit and meets with the WTO. It also operates an International Court of Arbitration for disputes on international contracts.

There is also an ever increasing trend towards coordination of policy by developed states through forums and organisations such as the G8 and the Organisation for Economic Cooperation and Development (OECD). The G8 meets annually and discusses matters ranging from trade, economy, and security to social policy, human rights, and environmental policy. Since the mid-1980s, separate biannual and triannual meetings have been held by each country's finance ministers and more recently environment, employment, and education ministers have met annually as well. The G8 does not have any permanent secretariat and is still largely an informal forum, but nonetheless it serves as an important arena to put forward agendas deemed important by the countries that participate. The OECD on the other hand is a formal international organisation with a permanent secretariat that proposes initiatives to member states. It proposed the Multilateral Agreement on Investment (MAI), for example, which was never implemented due to large scale opposition from civil society groups, NGOs, and developing states. This case demonstrates that there are global economic processes and oppositions that take place on a transnational level.

Through these forums there are also interactions between developing and developed states. The G20, for instance, expands participation to countries like Brazil, China, and Indonesia but also includes the heads of the IMF and World Bank and the EU president among others. It was recently convened to discuss global financial regulation.

The Changing Role of the Nation-State

According to Robinson, the nation-state in this context is increasingly acting as the 'neo-liberal state' (Robinson, 2001, p. 183) or as Cerny calls it a 'competition state' (Cerny, 1990, p. 53). Thus, the nation-state is increasingly administering economic and political reforms, sometimes requiring constitutional redrafting, which emanate from transnational forums with fundamental consequences for production relations. These policies have often been formulated in supranational institutions representing a TNCC interest. This top down

strategy is further buttressed by similar efforts at regional and state levels, where pressures exerted by industry and organisations with a global outlook challenge those of domestic labour movements and local industry. This ensemble of institutions with its underlying neoliberal 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 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 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.

While nation-states have retained or even increased their importance in locally implementing transnational initiatives, they have also begun to cede authority in certain areas especially over macroeconomic issues to ‘trans’ and ‘supra’ national bodies. In the case of currency and interest rates within the Euro-zone, the European Central Bank has taken over many of the roles of national central banks. In North America, NAFTA signatories have delegated authority over labour and trade disputes to the formulations and authorities agreed upon in that treaty. 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 labour policies, consumer product safety standards and environmental accords as non-tariff barriers to free trade” (Biersteker, 2002, p. 169). Loan recipients from the IMF and WB have surrendered control of wide areas of domestic policy to these organizations.

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 exterritoriality, 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 legitimised and be seen to be acting democratically, thus forestalling any inclination to roll back the effects of global capitalism. One answer is in the spread of the rhetoric of ‘democracy, freedom and human rights,’ forwarded hand in hand with economic restructuring, thus lending the emerging global 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.

The area of human rights is an especially important discourse relating to the development of transnational state-like structures. The universalisation of human rights has become so institutionalised 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 criterion 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 that 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 deal with cases between states regarding areas such as cross border pollution while the International Criminal Court deals with issues such as 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.

Conclusion

It is now timely to begin to assess whether patterns of increasing global accumulation actually constitute a global SSA. 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. This attenuation of state action and initiative is consistent with the neoliberal project of restricting the role of the state in the economy and society. These developments are congruent with other elements of global neoliberalism. The retreat of the neoliberal state from Keynesian concerns with employment and demand management simplifies the tasks of emerging state-like structures at the transnational level.

The limited remit of transnational governance allows the creation of national

differences which paves the way for capital to site various parts of the accumulation process in the most profitable locations. 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 sets of policies and bodies may be viewed as drawn from a more or less extensive menu of instruments which is itself part of the emerging global SSA and effectively determines production, competition, regulation, and consumption within both domestic and global spaces.

While some moves have been initiated to redress the internal contradiction of global capitalism relating to regulation without allusion to popular sovereignty, social disenchantment in individual countries, such as Bolivia and Venezuela, remains a serious threat to the overall stability of the system. As of the time of writing (January 2009), the current financial and economic crisis poses especially sharp challenges. It was rapidly recognized that the reregulation of finance must have a transnational dimension. Consequently, the forum for this discussion was expanded to the G20. The declaration after the November 2008 summit¹ listed many of the problems but was short on detail. It was anxious not to make a clean break with neoliberalism, declaring a commitment to “free market principles, including the rule of law, respect for private property, open trade and investment, competitive markets...” Amazingly, given the context, the report also worried about “over-regulation.” While this report will ultimately have little influence, this fact illustrates the nature of the current transnational state apparatus. As regards policy action it has been constructed primarily as a vehicle for the deregulation of trade rather than for the coordination of action addressing financial and fiscal problems. Both of these latter two concerns will come increasingly to the fore in the months and years ahead.

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¹ Summit On Financial Markets And The World Economy. The White House, Office of the Press Secretary, November 15, 2008

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