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THE FETISHISM OF EMPIRE: A CRITICAL REVIEW OF PANITCH AND GINDIN'S THE MAKING OF GLOBAL CAPITALISM

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Perhaps the fundamental contradiction of the global capitalist system is the disjuncture between a globalizing economy and a nation-state-based system of political authority. This disjuncture raises great challenges for how we conceptualize and analyze the relationship between the US state¹ and global capitalism. Indeed, this has been the subject of great debates over the past two decades and is the core object of inquiry of Leo Panitch and Sam Gindin's new study, *The Making of Global Capitalism: The Political Economy of American Empire*. There is much with which I agree in their impressive and exhaustively researched work. Most importantly, they provide two correctives to much of the contemporary literature on globalization and world capitalism. First, they point out that, far from involving the withdrawal of the state, globalization has entailed an ever-greater role for the state in facilitating and regulating the expanded accumulation of capital on a world scale and in managing crises. Second, they identify the role of the US state in this process as one of "superintendent" of global capitalism. The US state, they observe, "in the very process of supporting the export of capital and the expansion of multinational corporations, increasingly took responsibility for creating the political and juridical conditions for the general extension and reproduction of capitalism internationally."²

These observations are not new; I among others have drawn out the same point.³ They are central to the story that Panitch and Gindin tell of the key role in the rise of global capitalism played by the US after it emerged in the late nineteenth century as an imperial power. While there is much to praise

and also significant convergence between my theory of global capitalism and Panitch and Gindin's approach, I take issue with their construct on several counts, four of which I highlight here: definitional/conceptual problems, that is, ambiguity and lack of definition of the core concepts they employ—among them, empire, globalization, global capitalism, and the state; their dismissal of transnational capital and a transnational capitalist class (TCC); their failure to supply an analysis of global capital; and their reification of the state.

Before I elaborate on these objections, let me say that Panitch and Gindin are lifelong socialist scholars and activists who I deeply admire. I have known them for a number of years and have had the privilege of socializing with them as friends and also debating them in several public forums. Let me say up front that what follows is a harsh critique of *The Making of Global Capitalism*. If I have chosen to focus on critique over praise for their latest work it is precisely because I see their study as crucial to ongoing debate over the nature of the twenty-first century global capitalist order. If our objective beyond understanding this order is to replace it by one more that is more humane, then critique and debate is a crucial process in achieving the clarity necessary for such a task.

What is Empire? Empire of What? What is an empire and what makes the United States an empire? I read all 340 pages of text and 100 pages of endnotes and could not find a clear definition of “empire,” much less a theoretical treatment. As such, the term appears meaningless in the literal sense that they have not assigned a meaning to it, hence rhetorical and, worse still, fetishized. The closest we come to a definition is discussion in the introduction of the distinction between “formal empire” in which economic and political control is coupled and “informal empire” in which they are decoupled. In fact, Panitch and Gindin do not provide us with clear, concrete definitions of any of the key terms and concepts that inform their study—empire, globalization, global capitalism, the state and so on.

Given the absolute centrality of these terms, their meanings are problematic yet Panitch and Gindin seem to assume they need not be problematized. Focusing on empire, the notion that the United States constitutes in this

twenty-first century an “empire” is so widespread among commentators that it has become what Gramsci referred to as “common sense,” and those who beg to differ such as me are simply heretical. We face, I have argued elsewhere, not a US empire but an empire of global capital. The irony here is that such a conclusion can be drawn as well on the basis of their amassed empirical information and analysis showing that the United States has in its role as facilitator and superintendent of global capitalism not advanced parochial “national” interests but those of capital around the world. “The U.S. informal empire constituted a distinctly new form of political rule,” they state. “Instead of aiming for territorial expansion along the lines of the old empires, U.S. military interventions abroad were primarily aimed at preventing the closure of particular places or whole regions of the globe to capital accumulation. This was part of a larger remit of creating openings for or removing barriers to capital in general, not just U.S. capital.”⁴

The Myth of National Capitals and the Reality of Transnational Capital

In order to draw out the critique of the notion of a US empire, we must turn to what I see as the paramount flaw in *The Making of Global Capitalism*. Panitch and Gindin dismiss the notion of transnational capital and a TCC. If this is problematic for the internal consistency of their own argument, as we shall see, worse still is their absolute refusal to even engage with the literature on transnational capital and debate the matter of a TCC in defense of their thesis. The rise of a global production system, the spread of MNCs, and the turn by states to offer equal treatment to all capitalists irrespective of nationality, they say, “did not spawn a ‘transnational capitalist class,’ loosened from any state moorings or about to spawn a supranational global state.’ ‘National capital’ did not disappear. Nor did economic competition between various centers of accumulation.”⁵

The problem with this statement is that it is an utter caricature of the transnational capitalist thesis and the related thesis, my own, of a transnational state. I know of no one advancing the thesis of a TCC who argues that transnational capitalists are detached from states. My own argument is that the TCC becomes lodged within multiple states; more so, it operates through dense networks of national states, international and supranational

institutions that in analytical abstraction can be conceived as transnational state apparatuses—a concept quite distinct from their notion of the “internationalization of the state.”⁶ Neither do I know of any scholar who argues that the rise of a TCC implies that national capital has disappeared, or that it has resulted in an end to economic competition among various centres of accumulation.

This straw man includes an endnote (number 26) that appears on p. 345. Apart from this endnote, there is no further discussion on the matter in the remaining 430 pages of the book. They simply ignore the debate, now in its third decade, on the transnationalization of capital and the rise of a TCC. What is in this endnote? It cites exactly two sources, one book and one article, to dismiss the transnational capitalist thesis. According to these sources, the composition of boards of directors of transnational corporations (TNCs) remains skewed towards home country nationals and the “nationality of a firm is rarely ambiguous.” This, they say, constitutes “strong empirical refutation” of the transnational capitalist thesis. They identify me along with Leslie Sklar and Bill Carroll as being “refuted” by the two sources cited in this endnote.

What can we make of this one-paragraph-one-endnote “refutation”? On one hand, there exists a mounting body of counterevidence showing that both transnationally interlocking directorates and the multinational composition of boards of directors of the leading TNCs and corporate peak associations are increasing rapidly, and that there is an historical trend towards the organic transnational integration of corporate governance and decisionmaking structures. In reviewing the growth of transnational corporate board interlocks, Carroll finds that “transnational interlocking became less the preserve of a few internationally well-connected companies, and more practice in which nearly half of the world’s largest firms participate.”⁷ Freeland observes that in recent years US elite participation has escalated in transnationally-interlocking boards of directors, including, importantly, in the financial sector. “America’s business elite is something of a latecomer to this transnational community [but] the number of foreign and foreign-born CEOs, while still relatively small, is rising,” she writes. “The shift is particularly evident on Wall Street; in 2006, each of America’s eight biggest banks

was run by a native-born CEO; today, five of those banks remain, and two of the survivors—Citigroup and Morgan Stanley—are led by men who were born abroad.”⁸

On the other hand, domicile and interlocking boards, while important, constitute an exceedingly narrow conception of what constitutes criteria for TCC formation.⁹ Domicile tells us little about the structure of ownership of the TNC and its integration into networks of cross-ownership and cross-investment that, in the end, generally extend across the globe and involve expansive transnational class relations. Focusing on domicile, as Panitch and Gindin do, conceals the complex webs and onion-like layers of transnational ownership of global corporations. Ownership of global corporations involves institutional investors, mutual fund investment, and so forth, which in turn bring together other sets of individual and institutional investors from around the world. The domicile of a TNC tells us very little about identity and class interests. It does not allow us to ascertain where a TNC’s production circuits are located nor where its products are marketed. Panitch and Gindin discuss how “foreign” firms (such as, for example, Toyota) invest in the United States and how “US” firms invest in China, but they fail to note how when a firm from one country invests in another, the mechanism is frequently through joint ventures, cross-investment, or merged operations so that what was “national” capital does not become “national capital abroad” but transnational capital.

There are numerous other mechanisms and processes that cross-penetrate and transnationalize capitals apart from interlocking boards of directors and a growing body of empirical evidence that the giant corporate conglomerates that drive the global economy ceased to be corporations of a particular country in the latter part of the twentieth century and increasingly represented transnational capital.

These mechanisms include the spread of TNC affiliates; the phenomenal increase in cross-border mergers and acquisitions; cross- and mutual investment among companies from two or more countries and transnational ownership of capital shares; the proliferation of cross-border strategic alliances and joint ventures of all sorts; vast global outsourcing and subcontracting networks; the increasing salience of transnational peak business

associations; and new forms of organizing and aggregating capitals that lend themselves to transnationalization. Crucial here is the global integration of national financial systems and, along with it, the panoply of secondary derivative markets and mechanisms for securitizing, bundling, and managing capitals from across the globe, such as mutual and hedge funds and holding companies. These mechanisms can be located more expansively within the very emergence of a globalized production and financial system out of what were previously national systems linked together through trade—a structure that involves a vast cross-penetration and integration of capitals. Such processes of capital transnationalization simply did not exist in earlier decades and centuries. The failure to distinguish between international trade (exchange) relations and globalized production and financial relations leads many commentators, such as Hirst and Thompson, and also Panitch and Gindin, to claim there is little new in the current epoch and that there was a “first” period of globalization in the late nineteenth and early twentieth centuries, when international trade relations expanded rapidly.¹⁰

An often overlooked mechanism of TCC formation is the spread of stock exchanges in most countries of the world linked to the global financial system. The spread of these stock markets from the principal centres of the world economy to most capital cities around the world, combined with 24 hour trading, facilitates an ever-greater global trading and hence transnational ownership of shares. There are now stock exchanges in some 120 countries, from Afghanistan and Vietnam to Bangalore in India, from Botswana and Nigeria to the capitals of all five Central American republics. While many of these stock exchanges are limited in their offerings, these exchanges are integrated with one another either directly or indirectly. An Argentine can channel investment via the Buenos Aires stock exchange into companies from around the world, while investors from around the world can channel their investment into Argentina via the Buenos Aires stock exchange.

Beyond stock exchanges, investors anywhere in the world need no more than internet access to invest their money through globalized financial circuits into mutual and hedge funds, bonds markets, currency swaps and so on. The global integration of national financial systems and new forms of money capital, including secondary derivative markets, has also made it

easier for capital ownership to transnationalize. In addition to its centrality in facilitating the transnational integration of capitals, the new globally integrated financial system allows for incredibly increased intersectoral mobility of capital and hence plays a major role in blurring the boundaries between industrial, commercial, and money capital. The network of stock exchanges, the computerized nature of global trading, and the integration of national financial systems into a single global system, and so on, allow capital in its money form to move near frictionless through the arteries of the global economy and society.

One needs to conceptualize creatively the extent to which networks, patterns, and mechanisms of capital formation link capitals in manifold ways across the planet—that is, to think beyond the most conventional ones, such as interlocking boards of directors or the country of domicile of a particular company. For instance, the private investment firm Blackstone Group, one of the largest financial organizations in the world, is a clearinghouse that integrates capitalist groups and often state elites from every continent. Chinese state companies had by 2008 invested over \$3 billion in Blackstone.¹¹ In turn, Blackstone had in that year investments in more than 100 TNCs around the world, as well as numerous partnerships with Fortune 500 companies, so that Chinese elites acquire a stake in this web of global corporate capital, and more generally, in the success of global capitalism.

Panitch and Gindin never specify what makes a capital a national capital, yet their thesis appears to rest implicitly on the notion of a connection between “American capital” being supreme among “national” capitals and that, on this basis, the United States constitutes an “informal empire.” They are so fixated on interpreting the wealth of historical information that they present as evidence of US empire that they cannot see the writing on the wall. Throughout the book, Panitch and Gindin document the spectacular rise of global financial markets, for example, yet they pose the matter not as the rise of transnational finance capital but as evidence of a US empire. The disjuncture between a globalizing economy and a nation-state-based system of political authority creates complex political dynamics and processes that beckon us to break with traditional International Relations (IR) modes

of analysis (see below) and that lead Panitch and Gindin to take the most powerful institution of a globalized system and term it an “empire.”

Capital and the State: Theoretical Lite-ness Whose class and social interests are met by US state practices in the world? Panitch and Gindin’s narrative on this point is contradictory. On one hand, they observe—correctly in my view—that the US state attends to the interests of global capital as a whole. On the other hand, they insist on the existence—and the privileged existence—of “American” capital. Apart from not demonstrating to any satisfaction what makes capital “American,” “Japanese,” “German,” “Korean,” and so on—that is, national and not transnational—nowhere do they show what privilege such putative “American” capital enjoys, on what material basis we can consider the global system an “American empire.”

How is capital organized worldwide? Panitch and Gindin never say so explicitly. In fact, remarkably, there is very little class analysis in the book, no real analysis of the capitalist class, whether conceived of nationally or transnationally. What is the relationship between capital and the state? If capital is organized nationally and there is no TCC, then to be internally and logically consistent there may be an “American empire” in the Marxist analysis, but the US state should be promoting US capitalist interests, its competitive expansion at the expense of other capitals, not superintending global capitalism. Yet their study provides no theoretical discussion nor any specificity of the capitalist state. Since there is no significant analysis much less theorization of capital and the capitalist class, however so conceived, one is left to surmise what they mean by “American capitalism,” “European capitalism,” “Japanese capitalism,” and so on. In their construct, the world is a collection of national capitals in external collusion; they describe what has taken place as “internationalization” and not transnationalization. The implicit separation they make between capital, which is presented as nationally organized, and the production system, which they show correctly to be transnationalizing, is muddled because capitalists must be analyzed not just in relationship to state apparatuses, but in relationship fundamentally to how the production process is organized. If the organization of the production of exchange values has been fundamentally globalized, as they show, how

can this not have implications for how we understand capitalist classes?

The problem becomes compounded when we further interrogate Panitch and Gindin’s notion of national (“American,” “Chinese,” “Japanese,” “German”) corporations as meaningful units that can be demarcated and identified and that correspond to putative class relations. What is their definition of national? One needs to find a handful of needles in this haystack of a book to find some hint of an answer. First, we have seen that, in their construct, an “American” corporation is defined as one that has a board dominated by people who have US citizenship. Are they implying that this citizenship gives them privileged access to the US state? Even if this were so, it would tell us very little. Second, they go on throughout the study to insinuate that location is central to the “national” identity of a TNC. There are two retorts here. First is that domicile tells us very little. Halliburton has redomiciled to Dubai. Did it cease to be a “US” TNC and become a “Dubai” TNC? Second, how do Panitch and Gindin reconcile the alleged geographic importance with their observation that capitals originating from all over the world operate inside the United States, among other things, contributing at the level of official data to US GNP and other aggregate data that, in turn, they brandish to show putative US “strength”? Third, they see capital as something unitary when in fact capital is so remarkably fragmented, cross-penetrated, layered and criss-crossed in every which way that underlying class relations cannot be distilled from the surface phenomena of formal domicile, board composition and aggregate nationally collected data.

Let us take a concrete example. Panitch and Gindin observe that Apple’s iPod, overwhelmingly made in Southeast Asia, involves a factory cost of \$145, an added \$80 that Apple takes for its design, and another \$75 that retailers take in the United States, bringing the final price to \$300. With this, the authors want to argue that even though the production chain is globally dispersed, Apple as “American capital” has a strategically important stake in the appropriation of value and, in turn, this reflects “American” “strength” (“American empire”?). Well, let us examine more closely. First, these iPod are bought and sold all over the world. So that \$75 retail cut is enjoyed by retailers all over the world, wherever iPod are sold. Second, Apple investors get that \$75 Apple cut. Who are these investors? Sixty two percent

of stock is held by institutional investors and mutual fund owners¹² that are entangled with investor groups from all over the world. The \$75 flows through the “open veins” of the global financial system to investors all over the world. The picture that emerges is indeed one of hierarchy in terms of the distribution of values generated by the exploitation of Asian and other global workers, but this distribution does not correspond very clearly to “Americans” and much less to the fruits of some “American empire.” I suggest that the globalization of the circuit of capital and concomitant processes unfolding under the global economy redefine the phase of distribution in the accumulation of capital in relation to nation-states and transnational capitalist groups. Specifically, the circulation of capital tends to become delinked from production so that values are appropriated through financial circulation and establish hierarchies among capitalists along transnational lines.

Panitch and Gindin have a great many assumptions, by which I mean that they throw around terms, concepts, and references to empirics as if their meaning is not problematic and imputed in them. Let me take an example. They rely heavily throughout the study, and particularly in the latter chapters, on imports and exports of countries as reported by national governments to make crucial claims about the nature of class and state relations in global capitalism. They talk about US trade surpluses and deficits, Chinese exports and imports, and so on, to make statements about the putative strength of “American capital” and the “American economy” relative to other “national” capitals and economies.

But what is a “national economy”? Is it a country with a closed market? Protected territorially-based production circuits? The predominance of national capitals? An insulated national financial system? No capitalist country in the world fits this description. Panitch and Gindin would be in agreement with this much, yet cannot escape a pitfall. What US export data shows is the total value of goods and services that depart from US ports. US imports are measured in the total value of goods and services that enter US territory through these ports. This tells us in itself very little, if indeed anything, about social, class, and state relations. Such data must be interpreted. Panitch and Gindin acknowledge that TNCs originating from

Europe, Japan, and elsewhere have invested vast amounts in setting up production in US territory. Data on US exports therefore includes exports of goods and services of “Japanese,” “European,” “Chinese,” etc. TNCs, producing within US territory. Similarly, imports into US territory include vast amounts of goods and services that “US” TNCs operating around the world import into the United States. Can this possibly tell us anything about global capitalist class relations?

It is hardly news for those of us researching and writing about globalization in recent decades that nation-state data, data collected by national data collection agencies according to national categories, increasingly confuses more than it clarifies anything. Empirical indicators must be assessed in light of the structure of data collection and aggregation apportioned out to national boxes in ways that render them not very useful, if not meaningless, for the types of conclusions that Panitch and Gindin wish to reach. Let us recall that the hallmark of good social science (and historical materialism) is the ability to distinguish between surface appearance (e.g., national import and export data) and underlying essence (e.g., the movement of values around the world through numerous political jurisdictions and the intra- and inter-class relations embedded in these movements).

Similarly, Panitch and Gindin point over and over again to how so much value in goods and services is produced inside US territory. Yet to reiterate, where something is produced in this global age cannot give it capital nationality, lest Toyota cars produced in the United States is “American capital” and General Motors (GM) cars manufactured in Germany is “German capital.” Capital is a class relation that cannot be distilled through a territorial lens. Surely Panitch and Gindin would retort that they are distilling this relation not through territory but through the (US) state. But the fact that such relations are mediated and refracted through states does not validate their construct, unless, to use the same example, Toyota inside the United States was somehow subject by the US state to juridically distinct accumulation conditions than GM inside the United States (which is not the case). As a result, we get bewildering and contradictory assertions such as, for example, a description of how “German,” “South Korean,” “Japanese,” and other putative foreign national corporations concentrate investment and

production in the United States, along with a description of “US” macro-economic data—which by definition include the production and financial activities of these foreign national corporations—as some sort of proof of the supremacy of “American” capital.

The role of the US state as the superintendent of global capitalism is historical. As transnational capital and the global economy emerged in the 1970s and onwards, they did so through the existing institutional structures of a world economy and the interstate system in which the US state had become the most powerful institution. But there is nothing in this rule that necessitates empire with a national identity. If we include in the conception of empire the notion that it involves the control, privilege, and defense of group-specific interests of a particular (class) group over others via the state, then the idea that the US state promotes global capitalism and meets the interests of capital around the world in general is antagonistic to the idea of empire, unless we conceive this as an empire of global capital. But Panitch and Gindin do not provide a morphology of the capitalist class worldwide, of global capital. If they believe capital is still nationally organized and that there is a discernible US capitalist class—and this seems to be their position—then there would be some basis for US empire. Yet in turn they would need to reconcile with this belief the contradictory assertion that the US state defends not US but global capitalist interests without any privileged treatment for putative “American” capital. They cannot have their cake and eat it too. If one is consistent with the Marxist approach, the crux of the matter is the organization of capital on a world scale, the relationship between capital and the state. These cannot be separate analyses as they are internally related and mutually constitutive.

I have argued at considerable length elsewhere that the US state as the most powerful component of transnational state apparatuses plays a central role not for a “US empire,” but for the class power of transnational capital.¹³ The TCC has been able to use local core states to mold transnational structures and to impose these on distinct nations and regions. “US” empire refers to the use by transnational elites of the US state apparatus to attempt to expand, defend, and stabilize the global capitalist system. The US state is the point of condensation for pressures from dominant groups around

the world to resolve problems of global capitalism and to secure the legitimacy of the system overall. We face an empire of global capital headquartered, for evident historical reasons, in Washington.

What is Global Capitalism? What is Globalization? Panitch and Gindin are hampered by their nation-state-centric approach. Nation-state centrism refers to both a mode of analysis and a conceptual ontology of world capitalism. In this ontology, which dominates the disciplines of international relations and political science, world-systems theory, and most Marxist approaches to world dynamics, world capitalism is made up of national classes and national states existing in a flux of competition and cooperation in shifting alliances. These nation-state paradigms see nations as discrete units within a larger system—the world-system or the international system—characterized by external exchanges among these units. The key units of analysis are the nation(al) state and the international or interstate system. Nation-state/interstate paradigms place a particular template over complex reality. Everything has to fall into place within the template—its logic, the picture it portrays. Explanations cannot be outside the template. In this sense, nation-state-centric paradigms are blinders. We know that facts don’t “speak for themselves.” These blinders prevent us from interpreting facts in new ways that provide greater explanatory power with regard to novel developments in the late twentieth and early twenty-first century world. The template also organizes how we collect and interpret data. Most data on the global economy, as I noted above, comes from national data collection agencies and has been disaggregated from a larger totality (the global economy) and then reagggregated into nation-state boxes. This is precisely the mistake made by Hirst and Thompson in their oft-cited study, *Globalization in Question*; as noted above, they also make the mistake of defining globalization in terms of trade rather than production relations.¹⁴

Panitch and Gindin put forward a blurry history of world capitalism in which, we are told, both the late 1800s and the early twenty-first century saw “globalization.” But if they never define empire, neither do they ever define globalization nor global capitalism. Global capitalism for them seems to be coterminous with world capitalism (500 years? 200 years?) yet also

something specific to the twentieth and early twenty-first century. But there is no specificity. Is globalization something qualitatively new? If so, what is it? Does it simply mean the ongoing spread of capitalism and concomitant integration of peoples and territories into world capitalism? If so, does globalization begin in 1492, and if not, why not? These ambiguities are never resolved and Panitch and Gindin offer no periodization of world capitalism.

They follow the well-worn thesis of two “waves” of globalization first put forth by Hirsh and Thompson. The first wave took place in the late nineteenth century and was cut short by wars and depression in the early twentieth century, and then there is a second wave that, according to Hirsh and Thompson, resumes in the late twentieth century, and in Panitch and Gindin’s construct is “relaunched” by the US state following World War II. In either case, there is a major qualitative distinction between “globalization” in the late nineteenth and in the late twentieth centuries that is lost on Hirsh and Thompson as well as on Panitch and Gindin. The late nineteenth century saw the intensification of trade among countries of their national products, while the late twentieth century sees the profound reorganization of the production process itself along with finance—the fragmentation and decentralization across the globe of vast production chains.

If what is meant by global capitalism is the rise of a globally integrated production and financial system, why, according to Panitch and Gindin, was the late nineteenth century a time of “globalization”? Which one is global capitalism? And if they both are, then why would the period from the sixteenth to the eighteenth centuries not also be considered a time of globalization and of global capitalism? Do they see a qualitative distinction between world capitalism as a system whose genesis goes back to the sixteenth century and global capitalism associated with something novel to the twentieth and twenty-first centuries? Once we acknowledge the qualitatively distinct transnationalization of capital that has taken place in recent decades, we are forced to rethink the nature of the state as a class relation and to rethink the relationship between (global) capital and the US state. Yet the capital-state relation is a marginal object of inquiry for Panitch and Gindin. There is little descriptive and no theoretical discussion of this

relationship; it has to be gleaned (surmised) from their historical narrative. The study involves very minute detail and theoretically lite (a particularly harsh critic could say that the study is pretheoretical) so much so that one gets so lost in the trees that it is near impossible to make out the forest.

There is great purchase, in my view, in making a distinction between world economy, which involved the creation of a world market over 500 years and the linkage of countries to each other and to a larger system through this market and through international financial flows, and a global economy, as a qualitatively different structure involving the productive integration of what were previously national economies through the rise of a globally integrated production and financial system. They acknowledge the global and the integrative nature of the emerging globalized production and financial system but fail to see its significance, beyond organizational, for class relations—ownership relations and relations embedded in the global generation and distribution of values. For them, its significance is to be found in interstate relations.

Much of Panitch and Gindin’s study involves showing how the post-WWII global order was made by a US state that assumed the role of advancing and defending an increasingly “internationalized” capitalism. If this is the study’s strength, then it simultaneously reflects its weakness: an inability to establish specificity to the period from the 1980s onwards. It is this period that, for me, represents globalization proper, a new epoch in the ongoing and open-ended evolution of world capitalism, that of global capitalism, characterized by the rise of a globally-integrated production and financial system, transnational capital and a transnational capitalist class, and transnational state apparatuses. These qualitatively new features of world capitalism were gestating in the earlier part of the twentieth century; in the dialectic, the qualitatively new emerges from within the womb of that which is becoming exhausted by its internal contradictions.

If what is qualitatively new is not the rise of transnational capital out of what were previously national capitals (my view which Panitch and Gindin “refute”), but the rise of globally decentralized webs of production and the lifting of restrictions on the cross-border flows of capital (which seems to be their conception, although they do not specify), then why do they still

speak of “American capital,” “Japanese capital,” “German capital,” and so on? Their view of the worldwide organization of capital is a world of national capitals that may previously have been in rivalry and are now colluding to promote global capitalism (or world capitalism? Is there a difference? And if not, why do they not title their book “The Making of World Capitalism?”). Here, the chains of value production and distribution become globalized, yet the whole thing is pigeonholed into nation-states and interstate relations.

Reifying the State: State-Centrism and the Conundrum of IR Theory

Capitalist globalization is an ongoing, unfinished, and open-ended process, one that is contradictory and conflict-ridden, driven by social forces in struggle; it is structure in motion, emergent, with no consummated end-state. In the dialectic, emergent means that there is never a finished state, only open-ended process driven by contradictions, in this case by ongoing struggles among contradictory social forces worldwide. The point to stress here is that if we are to understand global capitalism, we must first train our focus on configurations of these contradictory social forces analytically before focusing on the ways in which they become institutionalized and expressed in political (including state), cultural, and ideological processes. IR theory by fiat trains our focus on the relationships among institutions, specifically among states. There can, in theory, be an historical materialist approach to international relations and to the interstate system that sees these relations as ultimate derivations, yet the inclination to reification is very great indeed when the object of inquiry is these relations; the template cannot be modified without some type of epistemological break with the extant logic of IR as relations among states in an interstate system.

As mentioned earlier, Panitch and Gindin offer no theoretical discussion of the state nor any analysis and morphology of capital. What we need is a theory of “state-class complexes” that draws on the very best of historical materialist state theory in order to undertake historical analysis of these state-class complexes as they have evolved in the past few decades and their dynamics in the global capitalist system. Panitch and Gindin operate largely at the level of institutional analysis. As useful as this level of analysis may be, the looming theoretical matters of global capitalism cannot be tackled

at this level. Panitch and Gindin’s is not only a nation-state-centric account, as specified above; it is also a state-centric account. Moving beyond state-centrism does not mean that we ignore the state, nor that we disregard its relative autonomy or its condition as a contested site. In contrast, a social/class-centric approach takes the state into account, but sees it as a derivation of social and class forces as these forces develop historically and in struggle. In Panitch and Gindin’s analysis, the principal actor is the US state; this is less a story about global capitalism than a story about the US state.

This state in this story is reified. “The American state,” they assert, “now came increasingly to be seen, *and to see itself*, as one of the ‘Great Powers.’”¹⁵ In addition, we are told that the restructuring of Asia “should not be seen as occurring *against the desire of states already keen* to be integrated into global capitalism.”¹⁶ But states do not “see themselves,” they are not “keen,” and they do not have “desires.” These are classically reified statements on the state (no pun intended). To see states as actors as such is to reify them. States do not “do” anything per se. Social classes and groups are historical actors. Social classes and groups acting in and out of states (and other institutions) do things as collective historical agents. These social groups and classes act through collective organization and through institutions, one of the most important being the state. State apparatuses are those instruments that enforce and reproduce the class and social group relations and practices that result from such collective agency. Institutions such as states, however, are not actors with an independent life of their own; they are the products of social forces that reproduce as well as modify them and that are causal in historical explanations. Social forces in complex and shifting webs of conflict and cooperation operate through multiple institutions. We need to focus not on states as fictitious macroagents, but on historically changing constellations of social forces operating through multiple institutions, including state apparatuses that are themselves in a process of transformation as a consequence of collective agencies.

Reified language signals reified conceptualization and analysis. It leads us away from a focus on the social forces and class agents that operate through the state, or in such a way that they shape state policies and practices. This

state-centric framework does not accommodate what Gramsci referred to as the extended state, the complex that is “civil society + political society.” What I mean by “state-centric” here is not that the state is crucial to analysis (it is), nor that the state should not be seen as acting upon social and class forces as much as it is acted up by these forces, in a dialectical (recursive) process of mutual constitution. Rather, the state itself is explained not in terms of the composition of social and class forces in the political economy of civil society, but it is placed at the causal centre of the account.

In IR theory, empire as the dominance of a nation and analyses of world dynamics must be explained in terms of relations among nation-states (more specifically, as relations among national states), an approach that generates a fetishism of interstate relations that become reified. Panitch and Gindin want to argue that the United States is not in decline, itself an approach that frames global social relations in terms of state relations. To reiterate the example cited above, exports from US territory are transnational capital exports so that “US decline” versus “US empire” is to begin with a misleading frame that obscures how our very categories of analysis must change if we are to grasp the dynamics of our epoch, involving a transition from nation-state to global capitalism. It is a (dis)orienting frame. The evolution of capitalism is never-ending and its qualitative transformations must be appreciated in terms of decades; the epochal transition from nation-state to global capitalism that we are in faces the fundamental contradiction of the transnationalization of capital within a nation-state system of political authority.

Panitch and Gindin operate within the framework of IR theory, that is, the study of relations among countries and their states. The problem with this approach is that even in most (although not all) historical materialist IR, class and social forces are by fiat explained within the framework of a nation-state/interstate system whose existence is simply given, in effect ahistoricized and reified, so that classes and social forces are fit into the nation-state/interstate system. Such an epistemological premise undergirds *The Making of Global Capitalism*.

When all is said and done, however, this book remains a crucially important study for those who wish to debate the historical moment we are in, how we got here, and how we may extricate ourselves from these entrails.

Notes

1. Here I use “US” and not “American” because, in my lexicon and political sensibilities, America refers to all of the countries in the Western Hemisphere.
2. L. Panitch and S. Gindin, *The Making of Global Capitalism: The Political Economy of American Empire* (New York: Verso Book, 2012), p. 6.
3. See, inter-alia, W.I. Robinson, *A Theory of Global Capitalism* (Baltimore: Johns Hopkins University Press, 2004); W.I. Robinson, *Latin America and Global Capitalism: A Critical Globalization Perspective* (Baltimore: Johns Hopkins University Press, 2008), chapter one in particular; W.I. Robinson: *Transnational Conflicts: Central America, Social Change, and Globalization* (London: Verso, 2003), chapter one in particular. W.I. Robinson, “Beyond the Theory of Imperialism: Global Capitalism and the Transnational State,” *Societies without Borders* (2007), Chapter 2, pp. 5–26; W.I. Robinson, “Gramsci and Globalization: From Nation-State to Transnational Hegemony,” *Critical Review of International Social and Political Philosophy* 8/4, pp. 1–16. See also W.I. Robinson, *Global Capitalism, Global Crisis*, in press, to be published by Cambridge University Press in 2014.
4. Panitch and Gindin, *The Making of Global Capitalism*, p. 11.
5. Panitch and Gindin, *The Making of Global Capitalism*, p. 11.
6. By internationalization of the state, they mean that nation(al)-states come “to accept responsibility for reproducing capitalism internationally” (p. 4), and, in doing so, they develop international institutional linkages. My conception of a transnational state as an analytical abstraction is detailed in the sources cited in endnote 2.
7. W.K. Carroll, *The Making of a Transnational Capitalist Class* (London/New York: Zed, 2010), pp. 98.
8. C. Freeland, “The Rise of the New Global Elite,” *The Atlantic* (Jan/Feb 2011), p. 9, internet edition <<http://www.theatlantic.com/magazine/archive/2011/01/the-rise-of-the-new-global-elite/8343/>>.
9. While growing interlocks are important, I have criticized this position in both substantive and methodological terms in a symposium on my work published in *Critical Sociology* 38/3 (2012).
10. P. Hirst and G. Thompson, *Globalization in Question* 3rd Edition (Cambridge: Polity, 2009).
11. Rothkopf, *Superclass*, pp. 46–47.
12. See <<http://finance.yahoo.com/q/mh?s=AAPL+Major+Holders>>.
13. See, inter-alia, sources in endnote 2.
14. Hirst and Thompson, *Globalization in Question*.
15. Panitch and Gindin, *The Making of Global Capitalism*, p. 36 (my italics).
16. Panitch and Gindin, *The Making of Global Capitalism*, p. 280.

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