

# GLOBAL CAPITALISM, SOCIAL SCIENCE, AND METHODS OF CRITIQUE

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## RESPONSE TO CAMMACK'S "FORGET THE TRANSNATIONAL STATE"

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ABSTRACT. The theory of global capitalism that I have advanced over the past decade suggests that it is necessary to rethink the spatiality of capital in the new epoch, including the changing relations between transnationalizing capital, national territories, class relations and political authority. The continued existence of the nation-state and the inter-state system appear to be a central condition for the class power of transnational capital and for the reproduction of global capitalism. National state apparatuses, however, are themselves experiencing transformation and integration into emergent supra-national institutional networks. The notion of a transnational state is an analytical abstraction that allows us to make sense of evident transnational social and institutional practices that are central to shaping global capitalism and to the exercise of class power by the TCC.

It is hard to make heads or tails of exactly what Professor Paul Cammack wishes to say about my work. He combines misrepresentation of my theory of global capitalism through rambling and gratuitous diatribe with several interesting points of debate on the nature of world capitalism in the 21<sup>st</sup> century. Above all, Cammack implies that in my construct nation-states have become irrelevant to global capitalism. I should "accept that national states have a changing but continuing role in the global capitalism system," he advises. This is a complete caricature of my position.

Cammack says that I believe capital has become "*extra-terrestrial* rather than *spread across numerous territories*" (emphasis in original). I have never used the term "extra-terrestrial." In fact my argument *is precisely* that as capital has transnationalized it has become spread across numerous national territories through glo-

balized circuits of production. The phrase of mine “supranational space” that Cammack cites to claim that I suggest “the demise of national states” actually refers, if he were to address the larger context in which I evoke the phrase, not to the supersession of space but to supranational space as accumulation across many national territories. Hence, the relation between transnationalizing capital and *particular national territories* needs to be reconceived. More generally we need to rethink the spatiality of capital. In previous epochs capitalists were largely based in particular national territories and turned to “their own” national states in pursuing their class interests. These interests were as much in organizing the conditions for accumulation within their respective national territories and disciplining labor within these territories as in competition with national capitalists from other countries for markets and resources around the world. As capital has gone global the leading groups among national capitalist classes have interpenetrated across national borders through an array of mechanisms and arrangements. This emergent transnational capitalist class operates across borders in numerous countries and has attempted to convert the whole world into a single unified field for global accumulation.

According to Cammack I believe these transnational capitalists “have no interest in the *local* state in any territory in which they are active” (emphasis in original). I assert nothing of the sort. What in fact is my argument? As transnational capitalists operate in numerous countries they turn to local (national) states of the countries in which they operate. Just as in previous epochs, they require that these local (national) states provide the conditions for accumulation within their respective territories, including disciplining labor. Reciprocally, local managers of the national capitalist state are compelled just as they were in the past by the structural power of the capitalist system. The legitimacy of these states and the reproduction of the status of state elites as privileged strata depend on their ability to attract and retain now-globalized accumulation to the territories over which they exercise political authority. Competition among national states to attract transnationally-mobile capital becomes functional to global capital and to its ability to exercise a structural power over the direct power of states – that is, over the policymaking process of national states, in the same way as previously national capital exercised what some referred to as the “veto power” of capital over the state. In this way, the continued existence

of the nation-state and the inter-state system appear to be a central condition for the class power of transnational capital and for the reproduction of global capitalism. To give a concrete example, transnational corporations during the early 1990s were able to utilize the institutions of different nation states in order to continuously dismantle regulatory structures and other state restrictions on the operation of transnational capital in a process of “mutual deregulation.”

Cammack asserts that I claim “the end of the state,” “the end of the national state altogether,” “the demise of national states,” and that I believe the nation state is “fated to depart the historic stage at this particular point in time.” Is this actually my claim? In my 2004 book that Cammack relies on for his polemic I state:

National states may retain their form. They are not disappearing. They will be around for a long time to come (143).

I state as well:

Hence, far from the end of the nation-state, which a slew of studies on globalization proclaimed, we are witness to its transformation into neoliberal states. These neoliberal states as components of a TNS [transnational state] provide essential services for capital...within specific national territories. In particular, they perform three essential functions: (1) adopt fiscal and monetary policies that assure macroeconomic stability; (2) provide the basic infrastructure necessary for global economic activity (air-and seaports, communications networks, educational systems, etc.); and (3) provide coercion and ideological apparatuses (124-125).

And I also state:

The rise of a TNS entails the reorganization of the state in each nation...and involves simultaneously the rise of truly supranational economic and political institutions. These two processes – the transformation of national states and the rise of supranational institutions – are not separate or mutually-exclusive. In fact, they are twin dimensions of the process of the transnationalization of the state. Central to my argument is that under globalization the national state does not ‘wither away’ but

becomes transformed with respect to its functions and becomes a functional component of a larger TNS.

These propositions with regard to the central role of the nation-state, the national state, and the inter-state system in global capitalism run throughout all my work. Whatever else Cammack may want to say about my theoretical propositions his charge that I claim the “end of the nation-state” is such an utter misrepresentation that it cannot be taken seriously.

It is not clear to me from a reading of Cammack’s polemic if he rejects that idea of transnational capital. Does he believe that capital remains organized, as it was in earlier moments of the world capitalist system, along national lines and that the development of capital has stopped frozen in its nation-state form? The notion that the leading capitalist groups worldwide are still organized nationally flies in the face of all the empirical evidence we have of the transnationalization of capital. This evidence strongly suggests that the giant conglomerates of the *Fortune 500*, for instance, metamorphosed in the latter part of the 20<sup>th</sup> century from being “U.S.” corporations into transnational conglomerates bringing together capitalists and private and public institutional investors from around the globe. Cammack alternates in his polemic between charging me with not presenting any empirical evidence for the transnationalization thesis and with presenting “secondary” evidence in “snippets” with which he does not agree. On what basis does one reject the notion of the transnationalization of capital? In the first place, my own evidence is part of a vast and rapidly expanding corpus of empirical studies around the world on the transnationalization of capital. This evidence for transnationalization is so overwhelming that the phenomenon can no longer be negated. The real issue is how we interpret such transnationalization. In the second place, it would be useful for Cammack to present counter-evidence that capital still remains largely nationally-organized if this is indeed his view. And if he does agree that capital is transnational then he would do well to develop some theoretical conception of the institutional apparatuses through which it does so, a point to which I will return. First, I will extend the statement on my views of the matter.

In previous epochs of world capitalism national capitalist classes organized national production and service chains and produced commodities within their own borders that they then traded for commodities produced in other countries. This is in contrast to the

transnationalization of the *production* of goods and services. Yet the transnationalization of capital in the late 20<sup>th</sup> and early 21<sup>st</sup> centuries is *qualitatively* different than internationalization processes of the early 20<sup>th</sup> century, in that it involves not merely the geographical extension of economic activity across national boundaries but also the *functional integration* of such internationally dispersed activities. The globalization of production has entailed the fragmentation and decentralization of complex production chains and the worldwide dispersal and functional integration of the different segments in these chains. The anatomy and organization of this emergent global production and financial system has been widely examined in the academic literature. The formula for the circuit of capital, M-C-P-C'-M', representing accumulation, has transnationalized. In the earlier period the first part of this circuit, M-C-P-C', took place in national economies. Commodities were sold on the international market, and profits returned home, where the cycle was repeated. Under globalization P is increasingly globally decentralized, and so too is the entire first part of the circuit, M-C-P. Globally produced goods and services are marketed worldwide. Profits are dispersed worldwide through the global financial system that has emerged since the 1980s and which is qualitatively different from the international financial flows of the earlier period. This transnationalization of production involves not merely the spread of transnational corporate activities, but the restructuring, fragmentation, and worldwide decentralization of the production process. Global capitalism is therefore not reducible to a collection of discrete national economies, national capitals, and national circuits of accumulation connected through an international market.

The restructuring crisis that began in the 1970s signaled the transition to a new transnational stage of world capitalism, in which truly transnational capital has emerged through globally integrated production and financial circuits made possible by information technology and organizational innovations in capitalist production, and that have modified how value is created, circulated, and appropriated. Transnationally-oriented capitalists in each country shift their sights from national markets to global markets. These circuits are *global* in character, in that accumulation is embedded in *global* markets, involves *global* enterprise organization and sets of *global* capital-labor relations, especially deregulated and casualized labor pools worldwide. Competition dictates that firms must establish global as

opposed to national or regional markets. Each “national” economy has experienced over the past several decades a rearticulation through globalization that has affected capital, labor, and the state in all their dimensions and is linked less to the “national economies” of any particular country or sets of national economies in competition than to global circuits of accumulation.

Yet this unprecedented fragmentation and decentralization of production processes has involved as its flip side the unprecedented concentration and centralization of worldwide economic management, control, and decision-making power in transnational capital and its agents. There is a new transnational bourgeoisie or transnational capitalist class (TCC), a fraction of capital grounded in global markets and circuits of accumulation over national markets and circuits. This TCC is comprised of the owners of transnational capital, that is, the group that owns the leading worldwide means of production as embodied principally in the transnational corporations and private financial institutions. The TCC therefore can be located in the global class structure by its ownership and/or control of transnational capital.

As I have stated in my 2004 study that Cammack references, what distinguishes the TCC from national or local capitalists is that it is involved in globalized circuits of production, marketing, and finances unbound from particular national territories that give it an objective class existence and identity spatially and politically in the global system above any local territories and polities, and a set of class interests distinct from local and national capitalists. Capitalist globalization creates new forms of transnational class alliances across borders and new forms of class cleavages globally and within countries, regions, cities, and local communities, in ways quite distinct from the old national class structures and international class conflicts and alliances of an earlier epoch in world capitalism.

Cammack charges that I “reduce the issue of bourgeois class identity and interest to an opposition between *national* and *transnational* class fractions.” I am puzzled by what Cammack wants to say here. On the basis of what I have just presented above, I do argue that there is a new fractionation among dominant groups worldwide, between national fractions grounded in national markets and circuits of accumulation and transnational fractions grounded in global markets and circuits. Here there is a contradictory logic between national and global accumulation. The interests of national

fractions of dominant groups lie in national accumulation and traditional national regulatory and protectionist mechanisms. Those of transnational groups are in deregulation, liberalization, free trade and economic integration agreements and other policies to promote globalized circuits of accumulation in an expanding global economy. Does Cammack disagree that there are such national and transnational fractions? What does he mean by I “reduce the issue of bourgeois identity” to this fractionation?

Cammack says that I provide no empirical evidence for my propositions. This is simply not true. I provide vast amount of empirical and historical evidence. I do so in the 200 page 2004 book on which he bases his polemic and which itself contains 14 tables and charts and a wealth of other empirical data that Cammack views as “snippets.” I also do so, among other places he does not cite, in my two major empirical studies, my 2003 *Transnational Conflicts*, and my 2008 *Latin America and Global Capitalism*, which together comprise 800 pages of empirical and historical research, or my 1996 *Promoting Polyarchy*, which comprises 400 pages. Cammack could – but does not – offer any counter-evidence to my evidence, and nor does he attempt to demonstrate that my evidence lacks internal validity, which would be a more satisfying social scientific method of refutation than mere vituperation.

Let us focus on the matter. Cammack quotes me as asserting that transnational groups capture local states and utilize these local states to pursue their interests within each country and that “the disciplinary power of global capitalism shifts the actual policymaking power within national states to the global capitalist bloc, which is represented by local groups tied to the global economy.” He then claims that I do “not attempt to explain or even illustrate the mechanism by which this act of demonic possession takes place.” In fact, I dedicate hundreds of pages to empirical evidence and concrete case studies that show these mechanisms and that more generally operationalize the theoretical propositions to which Cammack objects.

To summarize but one example, in *Transnational Conflicts* I draw extensively on primary and secondary data, ranging from interviews, participant observation, and on-the-ground data collection during extended field research to the tabular presentation of realms of data from international agencies such as the World Bank and from local agencies and research. On this basis I demonstrate the

rise of new economic activities in Central America that now constitute the core of accumulation in that region, including maquiladora industrial production, transnational tourism and financial services, and new agro-industrial operations. The dominant economic groups locally have shifted a good portion of their investments into these new accumulation activities, which involve a major interpenetration of these local groups with transnational corporate capital and as well increasingly extra-regional investment by these local groups in transnational corporate circuits. As local capitalists have shifted into these new activities and transnational investment outlets so too they have organized politically in their respective countries through existing parties or the creation of new parties and corporate political associations. Operating through these political vehicles, the new transnationally-oriented elites in the region were able in the 1980s and 1990s to capture local states in elections and to place their representatives into key ministries, in particular, Central Banks, economic and foreign ministries. From these positions they pursued sweeping deregulation, liberalization and integration into the global economy, they dismantled earlier multi-class developmentalist coalitions, they reoriented local market production to the global market, they made labor flexible, they negotiated free trade agreements, and so forth. Reciprocally, local political and state elites came to recognize that their own status would require promoting these new economic activities and patterns of accumulation in alliance with the transnationally-oriented capitalists. In all of this, the supranational agencies such as the World Bank, the U.S. Agency for International Development, and the Inter-American Development Bank that form part of what I refer to as a TNS apparatus liaised through numerous mechanisms with local Central American states and elites in promoting the new transnational model of accumulation. In short, a new power bloc emerged in Central America that brought together transnational corporate and political functionaries from outside the region with new economic and political elites inside the region into what I refer to as the new global capitalist bloc.

Cammack may have an alternative interpretation of the empirical and historical evidence that I advance to support my theoretical propositions. But his claim that my propositions are “not empirically grounded” cannot be taken seriously. Cammack refers to my thesis on global capitalism as “philosophy.” Yet there is a clear distinction between social science and philosophy. The latter in-

volves logical argumentation alone and the former combines logical argumentation with empirical evidence. Cammack may or may not agree with my social scientific claims but it would be helpful for him to present empirical reference points as counter-evidence for his refutation so that I could actually engage him in social scientific debate. Cammack's methodology of critique is simply to assert the opposite of what he purports me to assert and then to offer these counter-assertions as proof that my propositions are flawed.

Returning now to the state and the TNS, the real issue is not whether global capitalism can dispense with the state – it cannot. Rather, it is that the state may be in a process of transformation in consort with the restructuring and transformation of world capitalism. The question is, to what extent and in what ways may new state forms and institutional configurations be emerging, and how may we theorize these new configurations? The national state is being transformed and has been increasingly absorbed functionally into a larger transnational institutional structure that involves complex new relations between national states and supra or transnational institutions, on the one hand, and diverse class and social forces, on the other. I have argued that a TNS apparatus is emerging under globalization *from within* the system of nation-states. An emergent TNS apparatus need not have a centralized form as historically developed in modern nations; it may exist in both transnational institutions and the transformation of national states. Transnational bodies such as the IMF and the WTO have worked in tandem with national states to rearticulate labor relations, financial institutions and circuits of production into a system of global accumulation. As national states are captured by transnational capitalist forces they tend to serve the interests of global over local accumulation processes. The TNS, for instance, has played a key role in imposing the neo-liberal model on the old Third World and therefore in reinforcing the class relations of global capitalism.

We want to do more than merely identify the increasingly salient role of a transnational institutional structure in coordinating global capitalism and imposing capitalist domination beyond national borders. Even if one were to disagree with my particular thesis of a TNS, this transnational institutionality needs to be theorized. The notion of a TNS is an analytical abstraction that allows us to make sense of evident transnational social and institutional practices that are central to shaping global capitalism and to the exercise of

class power by the TCC. Now, if one wants to be consistent with a Marxist approach to the state as an institution arising out of the configuration of class and social forces in civil society – indeed, as a class relation – then it is incumbent upon us to analyze those class and social forces in particular historical period. More specifically, we would want to identify how these social and class forces acting in and out of states, and more broadly, sets of institutions, organize themselves 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. Clearly the IMF, by imposing a structural adjustment program that opens up a given country to the penetration of transnational capital, the subordination of local labor, and the extraction of wealth by transnational capitalists, is operating as a state institution to facilitate the exploitation of local labor by global capital. How are we to understand, for example, these IMF practices? What exactly is Cammack’s objection to conceiving them as transnational state practices?

I am guilty, says Cammack, of “a major distraction from the task” of understanding world capitalism. Yet it would seem from reading the conclusion of Cammack’s polemic that my crime is less having committed a major distraction from understanding global capitalism as much as a major distraction from the promotion of Cammack’s own thesis of “global competitiveness.” It would be interesting and useful for Cammack to push further his thesis on global competition to ask deeper explanatory questions. If supra-national institutions push capital to compete around the world, as he states – a proposition with which I do not disagree – how may we theorize the role of these institutions? Who – what social and class agents – actually staff these institutions? How did they come about? *Why* would they push capital to compete worldwide? What class project to they promote? What is the relationship of these institutions to national states and their managers? What is their relationship to transnational corporations? These are the questions we might debate, and indeed these are the questions I ask in my work, and that I attempt to answer by putting forward the concept of a transnational state to interpret these institutions, in combination with neo-liberal national states, as they operate as a loose global network in function

of transnational accumulation and the social and class interests therein.

Could Cammack and I debate these matters? If the substance of Cammack's polemic is caricature and misrepresentation of my work, his *style* of debate is infantile. I have a "flawed hybrid perspective" (as opposed to his "pure" perspective?). I put forth a "garbled version of the Marxist understanding." I have a "one dimensional, mechanistic and reductionist" approach and "a huge confusion." I "momentarily trick myself into thinking [things that are not true]." I "bang my head against imaginary walls." I am "the prisoner of a relentless false logic." I advance "bizarre notions." My thesis on the transnational state is "twaddle." My propositions amount to "very pedantic lecture." If I only saw the wisdom of Cammack's own view I "might have avoided the mess I am in." Given such an unproductive and odious style of debate, I frankly have no interest in or intention to engage any further with Professor Cammack.

#### REFERENCES

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