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## THE CRISIS OF GLOBAL CAPITALISM

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### *Cyclical, Structural, or Systemic?*

William I. Robinson

The crisis that exploded in 2008 with the collapse of the Global Financial System has been in the making since at least the late 1990s. How we understand it is not just an academic but a burning political question. I want to suggest in this essay that the global capitalism perspective I have put forth in recent years offers a powerful explanatory framework for making sense of this crisis.<sup>1</sup> Following Marx, we should focus on the internal dynamics of capitalism to understand the crisis; and following the global capitalism perspective, we should look for how capitalism has qualitatively evolved in recent decades. This system-wide crisis will not be a repeat of earlier such episodes in the 1930s or the 1970s precisely because world capitalism is fundamentally different in the early twenty-first century.

Globalization constitutes a new epoch in the ongoing evolution of world capitalism, marked by a number of fundamental shifts in the capitalist system. These shifts include: (1) the transition from a *world economy*, or national circuits of accumulation in an integrated international market, to a *global economy*,

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<sup>1</sup> For my theory of global capitalism and also a more detailed exposition of my ideas on the multidimensional crisis of the system, see, inter-alia: William I. Robinson, *A Theory of Global Capitalism: Production, Class, and State in a Transnational World*, Baltimore: Johns Hopkins University Press, 2004; and Robinson, *Global Capitalism and Latin America: A Critical Globalization Perspective*, Baltimore: Johns Hopkins University Press, 2008. I would like to thank my research assistant, Brandon Roberts, for his assistance in preparing the three graphs included in this essay.

or globalized circuits of accumulation; (2) the *rise of truly transnational capital* and the integration of every country into a new global production and financial system; (3) the appearance of a new *transnational capitalist class*, a class group grounded in new global circuits of accumulation rather than national circuits; (4) the rise of a *transnational state*, a loose network comprised of supranational political and economic institutions and of national state apparatuses that have been penetrated and transformed by transnational forces, and; (5) the appearance of *novel relations of inequality and domination* in global society.

Since the 1970s, the emergence of globally mobile transnational capital increasingly divorced from specific countries has facilitated the *globalization of production*. This involves the fragmentation and decentralization of complex production processes, the worldwide dispersal of the different segments and phases in these processes, and their functional integration into vast chains of production and distribution that span the globe. Values cross borders seamlessly as they move swiftly—often instantaneously—through these new transnational or global circuits of accumulation. This new system is driven, at the strictly technical level, by new information technologies and organizational innovations in capitalist production that have modified how value is created, circulated, and appropriated around the world. National economies have been dismantled and then reconstituted as component elements of this new global production and financial system, which is a qualitatively distinct world economic structure from that of previous epochs, when each country had a distinct national economy linked externally to one another through trade and financial flows. This is a shift from international market integration to global productive integration. At the same time an integrated global financial system has replaced the national bank-dominated financial systems of the earlier period. Global financial flows since the 1980s are qualitatively different from the international financial flows of the earlier period.

The globally integrated production and financial system underscores the increasing interpenetration on multiple levels of capital in all parts of the world, organized around transnational capital and the giant transnational corporations (TNCs). It is increasingly difficult to separate local circuits of production and distribution from the globalized circuits that dictate the terms and patterns of accumulation worldwide. There are still

local and national capitalists, and there will be for a long time to come. But they face ongoing pressures to “de-localize” and link to transnational capital if they are to survive. Territorially restricted capital cannot compete with its transnationally mobile counterpart. Transnational capital is the *hegemonic fraction* of capital on a world scale: it imposes its direction on the global economy and shapes the character of production and social life everywhere.

Some of the empirical indicators of the increasing transnational interpenetration of national capitals are: the sharp rise in foreign direct investment; the spread of TNC affiliates; the phenomenal increase in cross-border mergers and acquisitions; the increasing transnational interlocking of boards of directorates; the increasingly transnational ownership of capital shares; the spread of cross-border strategic alliances of all sorts; vast global outsourcing and subcontracting networks; and the increasing salience of transnational peak business associations. There are important new mechanisms that facilitate the transnationalization of capital. The spread of stock markets, for instance, from the principal centers of the world economy to many if not most capital cities around the world, combined with twenty-four-hour trading, facilitates an ever greater global trading and hence transnational ownership of shares. The global integration of national financial systems and new forms of money capital, including secondary derivative markets (as I will discuss later), has also made it easier for capital ownership to transnationalize.

An emergent transnational capitalist class, or TCC, the manifest agent of the system, has attempted to exercise its domination through dense and expanding transnational networks of national states and inter- and supranational institutions that form an incipient transnational state (TNS) apparatus. Globalization does not bring about the “end of the nation-state” but rather a transnationalization of national state apparatuses that are penetrated and transformed by the TCC and allied transnationally oriented bureaucratic and other strata. Once captured by such forces, national states tend to serve the interests of global over national or local accumulation processes. The TNS has attempted in recent years to construct a supranational legal and regulator system for the global economy and to synchronize the policies of national states around structural adjustment and integration into the global economy, including the imposition of the neoliberal model on the old Third World.

It is through a TNS apparatus that global elites attempt to convert the structural power of the global economy into supranational political authority. Indeed, as capitalism globalizes, the twenty-first century is witness to new forms of poverty and wealth, and new configurations of power and domination. Global capitalism has generated new social dependencies around the world. Billions of people have been brought squarely into the system, whereas before they may have been at the margins or entirely outside of it. The system is very much a life-and-death matter for billions of people who, willing or otherwise, have developed a stake in its maintenance. Global capitalism achieved a certain hegemony in recent years not just because its ideology became dominant but *also*, and perhaps primarily, because it has had the ability to provide material rewards and to impose sanctions.

However, the struggle for hegemony in the global system should not be seen in terms of a dispute *among* nation-states but in terms of transnational social and class groups and their struggles to develop hegemonic and counterhegemonic projects. The class relations of global capitalism are now so deeply internalized *within* every nation-state that the classical image of imperialism as a relation of external domination is outdated. Nation-state-centric analyses of inter- and transnational relations fail to appreciate the integrative character of global capitalism. The TCC has been attempting to position itself as a new ruling-class group worldwide since the 1980s and to bring some coherence and stability to its rule through an emergent TNS apparatus. The world politics of this would-be global ruling class is not driven, as they were for national ruling classes, by the flux of shifting rivalries and alliances played out through the interstate system but by the new global social structure of accumulation.

Many have mistakenly interpreted militarization and renewed US interventionism through theories of a “new imperialism”, according to which, the United States set about to renew a US empire and offset the decline in its hegemony amidst heightened inter-imperialist rivalry.<sup>2</sup> The hallmark of “new imperialism”

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2 See, e.g.: David Harvey, *The New Imperialism*, Second Edition, New York: Oxford University Press; Ellen Meiksins Wood, *Empire of Capital*, London: Verso, 2003; John B. Foster, *Naked Imperialism: U.S. Pursuit of Global Dominance*, New York: Monthly Review, 2006; Peter Gowan, *The Global Gamble: Washington's Bid for World Dominance*, London: Verso, 1999.