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Social theory and globalization:
The rise of a transnational state

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Globalization is a relatively new concept in the social sciences. What this concept exactly means, the nature, extent, and importance of the changes bound up with the process, is hotly debated. But few would doubt that it is acquiring a critical importance for the academic as well as the political agenda of the twenty-first century, or that it poses a distinctive challenge to theoretical work in the social sciences. The historic limitations of social theory, insofar as it has been informed by the study of "national" societies and the nation-state, are brought into focus by the universalizing tendencies and transnational structural transformations bound up with globalization. To what extent is the nation-state a historically specific form of world social organization now in the process of becoming transcended by capitalist globalization? This is the question that underlies the present essay, although the matter I intend to address is more circumscribed.

The debate on globalization has increasingly centered on the relation of the nation-state to economic globalization. But the issue of globalization and the state has been misframed. Either the nation-state (and the inter-state system) is seen as retaining its primacy as the axis of international relations and world development – the "strong state" thesis – in a dualist construct that posits separate logics for a globalizing economic and a nation-state based political system, or the state is seen, as in the "weak state" or diverse "end of the nation-state" theses, as no longer important. Rejecting these frames, I intend here to clarify the relationship between globalization and the nation-state by critiquing and moving beyond this global-national dualism by developing the concept of a transnational state. I argue that the state and the nation-state are not coterminous. The conflation of the two in the globalization literature has impeded analysis of the increasing separation of state practices from those of the nation-state.
Specifically, I call for a return to a historical materialist conception of the state, and on this basis explore three interrelated propositions: 1) economic globalization has its counterpart in transnational class formation and in the emergence of a transnational state (henceforth, TNS) that has been brought into existence to function as the collective authority for a global ruling class; 2) the nation-state is neither retaining its primacy nor disappearing but becoming transformed and absorbed into this larger structure of a TNS; 3) this emergent TNS institutionalizes a new class relation between global capital and global labor.

This article is divided into six parts. The first discusses globalization as a new stage in the development of world capitalism. The second calls for a break with the Weberian conception of the state that underlies much discussion of globalization. This section also develops the concept of a TNS. The third situates the rise of a TNS in the context of a new class relation between global capital and global labor. The fourth reviews empirical evidence for the rise of a TNS between the 1960s and the 1990s. The fifth examines the transformation of national states as part of the globalization process. Parts four and five also specify the relationship between the national state and the TNS. Finally, the sixth reflects by way of conclusion on the ability of a TNS to provide regulatory and other functions for the system of global capitalism, and as well refers to the implications of a TNS for state theory and other issues for future research. I should note, as a caveat, that space constraints preclude a full discussion of the theoretical and analytical issues at hand. There are natural limits to exploratory research of this type, which tends to raise a set of new questions for each one it answers. The propositions put forward are intended to provoke discussion, advance the debate on globalization, and suggest the way forward for ongoing research. They are as a matter of course tentative in nature.

Globalization: From a world economy to a global economy

The predominant version of globalization associates it with the profound restructuring of world capitalism that began in the 1970s. In my view, however, globalization is not a new process, but the new culmination of the centuries-long process of the spread of capitalist production relations around the world and its displacement of all pre-capitalist relations ("modernization"). It marks the triumph of the capitalist mode of production, what Istvan Meszaros calls "the end of capital's historical ascendency." The capitalist system since its inception has been expanding in two directions, extensively and intensively. The final phase in capitalism's extensive enlargement started with the wave of colonization of the late nineteenth and early twentieth century and concluded in the 1990s with the reincorporation of the former Soviet bloc and Third World revolutionary countries. Under globalization, the system is undergoing a dramatic intensive expansion. Capitalist production relations are replacing what remains of all pre-capitalist relations around the globe. The era of the primitive accumulation of capital is coming to an end. All remaining "Chinese walls" the world over are being battered down. In this process, those cultural and political institutions that fettered capitalism are swept aside, paving the way for the total commodification or "marketization" of social life worldwide.

Economic globalization has been well researched. Capital has achieved a newfound global mobility and its reorganizing production worldwide in accordance with the whole gamut of political and factor cost considerations. This involves the worldwide decentralization of production together with the centralization of command and control of the global economy in transnational capital. In this process, national productive apparatuses become fragmented and integrated externally into new globalized circuits of accumulation. Here we can distinguish between a world economy and a global economy. In earlier epochs, each country developed national circuits of accumulation that were linked to each other through commodity exchange and capital flows in an integrated international market. This was a world economy. Different modes of production were "articulated" within a broader social formation, or a world system while nation-states mediated the boundaries between a world of different articulated modes of production. In the emerging global economy, the globalization of the production process breaks down and functionally integrates these national circuits into global circuits of accumulation. Globalization, therefore, is unifying the world into a single mode of production and a single global system and bringing about the organic integration of different countries and regions into a global economy. The increasing dissolution of space barriers and the subordination of the logic of geography to that of production, what some have called "time-space compression," is without historic precedence. It compels us to reconsider the geography and the politics of the nation-state. My argument is not that space becomes irrelevant under globalization. Instead, the social configuration of space can no longer be conceived in nation-state terms but
rather in processes of uneven development denoted primarily by social
group rather than territorial differentiation. The nature of global
capitalism is such that it will always create uneven spaces, if only because
of the mapping of functions onto space within the system.6

The political reorganization of world capitalism has lagged behind its
economic reorganization, with the result that there is a disjuncture
between economic globalization and the political institutionalization
of new social relations unfolding under globalization. Nevertheless, as
the material basis of human society changes so, too, does its institu-
tional organization. This new transnational phase of capitalism is not
a radical rupture but an outgrowth of capitalism’s development, char-
acterized by a period of major restructuring of the system, including
its institutional form. A study of globalization is fundamentally histori-
al analysis, in that events or social conditions can be conceived in terms
of previous social processes and conditions that give rise to them. Each
epoch in capital’s historical ascendency has seen a successive expan-
sion of the system over the preceding epoch and has also seen the
establishment of sets of institutions that made this expansion possible
and organized long-term cycles of capitalist development. From the
seventeenth-century treaties of Westphalia into the 1960s, capitalism
unfolded through a system of nation-states that generated concomi-
tant national structures, institutions, and agents. Globalization has
increasingly eroded these national boundaries, and made it structurally
impossible for individual nations to sustain independent, or even
autonomous, economies, politics, and social structures. A single head-
quarters for world capitalism had become untenable as the process
of transnational market, financial, and productive integration proceeded
in recent decades.

A key feature of the current epoch is the supersession of the nation-
state as the organizing principle of capitalism, and with it, of the inte-
state system as the institutional framework of capitalist development.
Capitalism is a constantly revolutionizing force, which perpetually
reshapes the world in new and often quite unexpected configurations.7
In the emerging global capitalist configuration, transnational or global
space is coming to supplant national spaces. There is no longer any-
thing external to the system, not in the sense that it is now a “closed”
system, but in that there are no longer any countries or regions that
remain outside of world capitalism or still to be incorporated through
original accumulation and in that there is no longer autonomous
accumulation outside of the sphere of global capital. The internal
social nexus is a global one. Here we can note the sociological principle
that organic social relations are always institutionalized, which makes
them “fixed” and makes their reproduction possible.8 As the organic
and internal linkage between peoples become truly global, the whole
set of nation-state institutions is becoming superseded by transnational
institutions.

Globalization has posed serious difficulties for theories of all sorts.
The embedded nation-state centrisms of many extant paradigms, in my
view, impedes our understanding of the dynamics of change under
globalization.9 My propositions regarding the integration of the entire
superstructure of world society is a conception of the current epoch
that differs from that of world system analysis, which posits a world
system of separate political and cultural superstructures linked by a
geographic division of labor, and from many Marxist analyses, which
see the nation state as immanent to capitalist development.10 The
notion that the continued internationalization of capital and the
growth of an international civil society have involved as well the inter-
nationalization of the state has been recognized by a number of tradit-
ions in the social sciences.11 And the interdisciplinary literature on
globalization is full of discussion on the decreasing power and signifi-
cance of the nation state and the increasing significance of supra or
transnational institutions. However, what these diverse accounts share
is a nation-state centrism that entraps them in a global-national dual-
ism. They assume phenomena associated with a TNS to be interna-
tional extensions of the nation-state system. The conception is one of
international institutions created by nation-states individually or col-
lectively as mechanisms to regulate the flow of goods and capital
among their borders and to mediate inter-state relations. Here I wish
to go beyond such nation-state centrism and to distinguish between
international and transnational (or global). The former is a conception
of world dynamics founded on an existing system of nation-states,
while the latter identifies processes and social relations that transcend
that system.

Conceptualizing a transnational state apparatus:
From Weber to Marx

The question of the state is at the heart of the globalization debate. But
this debate has been misinformed by the persistent conflation of the
nation-state and the state. The two are not coterminous.12 Here we
need to distinguish analytically among a number of related terms: nation, country, nation-state, state, national-state, and transnational state. Nation-states are geographical and juridical units and sometimes cultural units, and the term is interchangeable as used here with country or nation. States are power relations embodied in particular sets of political institutions. The conflation of these two related but analytically-distinct concepts is grounded in a Weberian conception of the state that informs much analysis of this subject. For Weber, the state is a set of cadres and institutions that exercise authority, a "legitimate monopoly of coercion," over a given territory. In the Weberian construct, the economic and political (in Weberian terms, "markets and states") are externally related, separate and even oppositional, spheres, each with its own independent logic. Nation-states interact externally with markets. Consequently, globalization is seen to involve the economic sphere, while the political sphere may remain constant, an immutable nation-state system. State managers confront the implications of economic globalization and footloose transnational capital as an external logic. This has become the dominant framework for analysis of globalization and the state, especially prevalent in realist approaches to international relations, ever since Raymond Vernon published his seminal Sovereignty at Bay in 1971. In the globalization literature this approach emphasizes the increasing impotence of nation-states in the face of world market forces.

The state-market dualism is closely related to the global-national dualism. Globalization is said to be overstated since nation-states "have more power" than is claimed, or because there are "national" explanations that explain phenomena better than globalization explanations. Some point to the continued relevance of nation-states to claim that globalization is overstated or even imaginary. In this construct, what takes place "within" a nation-state becomes counterposed to what takes place in the global system. In these recurrent dualisms, economic globalization is increasingly recognized, but is analyzed as if it is independent of the institutions that structure these social relations, in particular, states and the nation-state. The problem is manifest, for instance, in the notable work of sociologist Christopher Chase-Dunn, Global Formation, which argues from a world-system perspective for a dual logic approach. At the economic level, the global logic of a world economy prevails, whereas, at the level of the political, a state-centered logic of the world-system prevails. Relatedly, much has been written about "global governance," an approach that assumes as well the duality of a nation-state system with its own logic alongside a global economy.

Nation-states are to cooperate in coordinating expanding international activity and in confronting the problems of the new age.

The way out of these antinomies is to move beyond Weber and return to a historical materialist conception of the state. In the Marxist conception, the state is the institutionalization of class relations around a particular configuration of social production. The separation of the economic from the political for the first time under capitalism accords each an autonomy - and implies a complex relationship that must be problematized - but also generates the illusion of independent externally-related spheres. In the historical materialist conception, the economic and the political are distinct moments of the same totality. An internal relation is one in which each part is constituted in its relation to the other, whereas an external relation is one in which each part has an existence independent of its relation to the other. The relation between the economy, or social production relations under capitalism, and states, as sets of institutionalized class relations that adhere to those production relations, is an internal one. It is not possible here to revisit the theoretical debates that have raged since the revival of interest in the state in the 1960s - which have remained inconclusive and open-ended. Note, however, that: 1) Marxist theories on the relative autonomy of the state, whether emphasizing a "structuralist" or "instrumental" subordination of the state to economically dominant classes, do not posit an independent state as a separate sphere with its own logic (in Marx's words, there is no state "suspended in mid-air"). The task of analysis is to uncover the complex of social processes and relations that embed states in the configuration of civil society and political economy; 2) there is nothing in the historical materialist conception of the state that necessarily ties it to territory or to nation-states. That capitalism has historically assumed a geographic expression is something that must be problematized.

States as coercive systems of authority are class relations and social practices congealed and operationalized through political institutions. In Marx's view, the state gives a political form to economic institutions and production relations. Markets are a site of material life, while states spring from economic (production) relations and represent the institutionalization of social relations of domination. It is crucial to analyze the constellation of social forces that congeal in state structures and practices in particular historical periods. Consequently, the economic globalization of capital cannot be a phenomenon isolated from the transformation of class relations and of states. In the Weberian
conception, states are by definition territorially-bound institutions and therefore a TNS cannot be conceived so long as the nation-state system persists. Weberian state theory reduces the state to the state’s apparatus and its cadre and thereby refines the state. States are not actors as such. Social classes and groups are historical actors. States do not “do” anything per se. Social classes and groups acting in and out of states (and other institutions) “do” things as collective historical agents. State apparatuses are those instruments that enforce and reproduce the class and social group relations and practices embedded in states. The institutional structures of nation-states may persist in the epoch of globalization, but globalization requires that we modify our conception of these structures.

A TNS apparatus is emerging under globalization from within the system of nation-states. The nation-state system, or inter-state system, is a historical outcome, the particular form in which capitalism came into being based on the complex relations among production, classes, political power, and territoriality. The material circumstances that gave rise to the nation-state are now being superseded by globalization. If capitalism’s earlier development resulted in a geographic (spatial) location in the creation of the nation-state system, then its current globalizing thrust is resulting in a general geographic dislocation. What is required is a return to a historical-materialist theoretical conceptualization of the state, not as a “thing,” or a fictional macro-agent, but as a specific social relation inserted into larger social structures that may take different, and historically determined, institutional forms, only one of which is the nation-state. Nothing in the current epoch suggests that the historic configuration of space and its institutionalization is immutable rather than itself subject to transformation.

This is to say that the political relations of capitalism are entirely historical, such that state forms can only be understood as historical forms of capitalism.23 Although the proposition cannot be explored here, I suggest that the explanation for the particular geographic expression in the nation-state system that world capitalism acquired is to be found in the historical uneven development of the system, including its gradual spread worldwide. Territorialized space came to house distinct market and capital accumulation conditions, often against one another, a process that tended to be self-reproducing as it deepened and became codified by the development of nation states, politics, and culture, and the agency of collective actors (e.g., Westphalis, nationalism, etc.). This particular spatial form of the uneven development of capitalism is being overcome by the globalization of capital and markets and the gradual equalization of accumulation conditions this involves.

To summarize and recapitulate: the state is the congealment of a particular and historically determined constellation of class forces and relations, and states are always embodied in sets of political institutions. Hence states are: a) a moment of class power relations; b) a set of political institutions (an “apparatus”). The state is not one or the other; it is both in their unity. The separation of these two dimensions is purely methodological (Weber’s mistake is to reduce the state to “b”). National states arose as particular embodiments of the constellations of social groups and classes that developed within the system of nation-states in the earlier epochs of capitalism and became grounded in particular geographies. What then is a transnational state? Concretely, what is the “a)” and the “b)” of a TNS? It is a particular constellation of class forces and relations bound up with capitalist globalization and the rise of a transnational capitalist class, embodied in a diverse set of political institutions. These institutions are transformed national states and diverse supranational institutions that serve to institutionalize the domination of this class as the hegemonic fraction of capital worldwide.

Hence, I submit, the state as a class relation is becoming transnationalized. The class practices of a new global ruling class are becoming “condensed,” to use Poulantzas’s imagery, in an emergent TNS. In the process of the globalization of capital, class fractions from different countries are fusing together into new capitalist groups within transnational space. This new transnational bourgeoisie or capitalist class is that segment of the world bourgeoisie that represents transnational capital. It comprises the owners of the leading worldwide means of production as embodied principally in the transnational corporations and private financial institutions. What distinguishes the transnational capitalist class from national or local capitalist fractions is that it is involved in globalized production and manages global circuits of accumulation that give it an objective class existence and identity spatially and politically in the global system, above any local territories and polities.

The TNS comprises those institutions and practices in global society that maintain, defend, and advance the emergent hegemony of a global bourgeoisie and its project of constructing a new global capitalist
historical bloc. This TNS apparatus is an emerging network that comprises transformed and externally-integrated national states, together with the supranational economic and political forums and that has not yet acquired any centralized institutional form. The rise of a TNS entails the reorganization of the state in each nation—the I will henceforth refer to these states of each country as national states—and it involves simultaneously the rise of truly supranational economic and political institutions. These two processes—the transformation of nation-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.

The TNS apparatus is multilayered and multi-centered. It links together functionally institutions that exhibit distinct gradations of “state-ness,” which have different histories and trajectories, and which are linked backward and forward to distinct sets of institutions, structures, and regions. The supra-national organizations are both economic and political, formal and informal. The economic forums include the International Monetary Fund (IMF), the World Bank (WB), the Bank for International Settlements (BIS), the World Trade Organization (WTO), the regional banks, and so on. Supranational political forums include the Group of 7 (G-7) and the recently formed Group of 22, among others, as well as more formal forums such as the United Nations (UN), the Organization of Economic Cooperation and Development (OECD), the European Union (EU), the Conference on Security and Cooperation in Europe (CSCE), and so on. They also include regional groupings such as the Association of South East Asian Nations (ASEAN), and the supranational juridical, administrative, and regulatory structures established through regional agreements such as the North American Free Trade Agreement (NAFTA) and the Asia-Pacific Economic Cooperation (APEC) forum. Here, I wish to theorize this emerging configuration. These supranational planning institutes are gradually supplanting national institutions in policy development and global management and administration of the global economy. The function of the nation-state is shifting from the formulation of national policies to the administration of policies formulated through supranational institutions. However, it is essential to avoid the national-global duality: national states are not external to the TNS but are becoming incorporated into it as component parts. The supranational organizations function in consonance with transformed national states. They are staffed by transnational functionaries that find their counterparts in transnational functionaries who staff transformed national states. These transnational cadre act as midwives of capitalist globalization.

The TNS is attempting to fulfill the functions for world capitalism that in earlier periods were fulfilled by what world-system and international relations scholars refer to as a “hegemon,” or a dominant capitalist power that has the resources and the structural position that allows it to organize world capitalism as a whole and impose the rules, regulatory environment, etcetera, that allows the system to function. We are witnessing the decline of U.S. supremacy and the early stages of the creation of a transnational hegemony through supra-national structures that are not yet capable of providing the economic regulation and political conditions for the reproduction of global capitalism. Just as the national state played this role in the earlier period, I suggest, the TNS seeks to create and maintain the pre-conditions for the valorization and accumulation of capital in the global economy, which is not simply the sum of national economies and national class structures and requires a centralized authority to represent the whole of competing capitals, the major combinations of which are no longer “national” capitals. The nature of state practices in the emergent global system resides in the exercise of transnational economic and political authority through the TNS apparatus to reproduce the class relations embedded in the global valorization and accumulation of capital.

The power of national states and the power of transnational capital

As class formation proceeded through the nation-state in earlier epochs, class struggles worldwide unfolded through the institutional and organizational logic of the nation-state system. During the nation-state phase of capitalism, characterized by national circuits of production ("autocentric accumulation") linked to the larger system by international market and financial flows, national states enjoyed a varying but significant degree of autonomy to intervene in the phase of distribution, and surpluses could be diverted through nation-state institutions. Dominant and subordinate classes struggled against each other over the social surplus through such institutions and fought to utilize national states to capture shares of the surplus. As a result, to evoke Karl Polanyi's classic analysis, a “double movement” took place late last
national boundaries - and has brought changes in the relationship between dominant and subordinate classes.

By making it structurally impossible for individual nations to sustain independent, or even autonomous, economies, political systems, and social structures, globalization reconfigures world social forces in a very dramatic way. Specifically, by redefining the phase of distribution in the accumulation of capital in relation to nation-states, the global economy fragments national cohesion around processes of social reproduction and shifts the site of reproduction from the nation-state to transnational space. The consequent liberation of transnational capital from the constraints and commitments placed on it by the social forces in the nation-state phase of capitalism has dramatically altered the balance of forces among classes and social groups in each nation of the world and at a global level toward the transnational capitalist class and its agents. If in the earlier history of capitalism the nation-state was a necessary condition for the development of the system, the institutional and spatial constraints of the nation-state became fetters to accumulation in the latter decades of the twentieth century. Indeed, the restraints on accumulation imposed by popular classes worldwide in the nation-state phase of capitalism were what drove capital to transnationalization in the first instance. This is crucial because many accounts of globalization attribute the process to technological innovation. However, technological change is the effect of social forces in struggle, which is causal to historical change. The nation-state went from being a particular historical form that made possible the development of capitalism to one that fettered its further development.

Let me elaborate: The declining ability of the national state to intervene in the process of capital accumulation and to determine economic policies reflects the newfound power that transnational capital acquired over nation-states and popular classes. Different classes and groups contest (national) state power but real power in the global system is shifting to a transnational space that is not subject to "national" control. This structural power of transnational capital over the direct power of national states has been utilized to instill discipline or to undermine policies that may emanate from these states when they are captured by popular classes or by national fractions of local dominant groups, as popular forces that won state power in Haiti, Nicaragua, South Africa, and elsewhere in the 1970s–1990s discovered. This appears as an institutional contradiction between the structural power of transnational capital and the direct power of states. Some critics of
globalization see this as a contradiction between national states and
global agents. But this is a structural contradiction inherent to an
evolving capitalist system, at whose core are class relations as the inner
essence of a condition whose outward manifestation is an institutional
contradiction. One set of social relations reflects a more fundamental
set of social relations. On the surface, the structural power of capital
over the direct power of states is enhanced many times over by global-
ization. In its essence, the relative power of exploiting classes over the
exploited classes has been enhanced many times over, at least in this
momentary historical juncture.

The newfound relative power of global capital over global labor is
becoming fixed in a new global capital-labor relation, what some have
called the global casualization or informalization of labor associated
with post-Fordist “flexible accumulation.” It involves alternative sys-
tems of labor control and diverse contingent categories of labor, the
essence of which is cheapening labor and making it “flexible.”22 Central
to this new capital-labor relation is the concept of a restructuring
crisis. The crisis of the long postwar boom in the 1970s ushered in a
radical shift in the methods and sites of global capitalist accumulation,
resulting, in Hoogvelt’s analysis, in a transformation in the mecha-
nisms of surplus value extraction.23 These new systems of labor control
rest, in my view, in part, on the disjunction between nation-state insti-
tutionality and capital’s new transnational space. They include sub-
contracting and contract labor, outsourcing, part-time and temporary
work, informal work, home work, the revival of patriarchal, “sweat-
shop,” and other oppressive production relations. Well-known trends
associated with the restructuring of the labor-capital relation taking
place under globalization include “downward leveling,” demounifica-
tion, “ad hoc,” and “just-in-time” labor supply, the superexploitation
of immigrant communities as a counterpart to capital export, the
lengthening of the working day, the rise of a new global “underclass”
of supernumeraries or “redundants” subject to new forms of repressive
and authoritarian social control, and new gendered and racialized
hierarchies among labor. These trends point to the rise of a global
proletariat stratified less along national than along social lines in a
transnational environment. Insofar as this new generalized capital-
labor relation reflects the tendency toward an equalization of accumu-
lation conditions worldwide.

These new relations have been broadly discussed in the globalization
literature. What interests us and is new here is the larger social and
political context in which they are embedded, and the extent to which
states and nation-states continue to mediate these contexts. State prac-
tices and the very structure of states are negotiated and renegotiated in
specific historic periods through changes in the balance of social forces
as capitalism develops and classes struggle. The current epoch is not
the first time that capital has broken free of reciprocities with labor
expressed in state practices. This happened in the late nineteenth cen-
tury as the epoch of competitive capitalism was coming to an end
and monopoly capital was emerging. Capital began to abandon earlier
reciprocities with labor from the 1970s on, precisely because the
process of globalization has allowed it to break free of nation-state
constraints. These new labor patterns are facilitated by globalization in
a dual sense: first, capital has exercised its power over labor through
new patterns of flexible accumulation made possible by enabling “third
wave” technologies, the elimination of spatial barriers to accumula-
tion, and the control over space these changes bring; second, global-
ization itself involves a vast acceleration of the primitive accumulation
of capital worldwide, a process in which millions have been wrenched
from the means of production, proletarianized, and thrown into a global
labor market that transnational capital has been able to shape. In this
new capital-labor relation, labor is increasingly only a naked com-
modity, no longer embedded in relations of reciprocity rooted in social
and political communities that have historically been institutionalized
in nation-states. The notion of responsibility, however minimal, that
governments have for their citizens or that employers have toward
their employees is dissolved in the face of this new class relation. In
this age of “savage capitalism” unleashed from social constraints,
there is a veritable rollback on the “historical” or “moral” element in
wage labor, driven by a culture of competitive individualism at whose
fringe is a resurrected social Darwinism in which norms and values of
collective survival have all but disappeared.

The dissolution of the “welfarist” or Keynesian “class compromise”
rests on the power acquired by transnational capital over labor that is
objectively transnational but whose power is constrained and whose
subjective consciousness is distorted by the continued existence of the
system of nation-states. Here we see how the continued existence of
the nation-state serves numerous interests of a transnational capitalist
class. For instance, central to capitalism is securing a politically and
economically suitable labor supply, and at the core of all class societies
is the control over labor and disposal of the products of labor. Under
capitalist globalization, the linkage between securing labor and terri-
toriality is changing. National labor pools are merging into a single
global labor pool that services global capitalism, contributing to a
historic trend in which capital no longer needs to pay for the reproduc-
tion of labor power. The global labor supply is, in the main, no longer
coerced (subject to extra-economic compulsion) due to the ability of
the universalized market to exercise strict economic discipline, but its
movement is juridically controlled. Here, national borders play a vital
function. Nation-states are about the configuration of space, what
sociologist Philip McMichael has called “population containment zones.”
But their containment function applies to labor and not to
capital. Globally mobile capital is not regulated by centralized national
political authorities, but labor is. The inter-state system thus acts as a
condition for the structural power of globally-mobile transnational
capital over labor that is transnational in its actual content and char-
acter, but is subjected to different institutional arrangements and to the
direct control of national states. National boundaries are not barriers
to transnational migration, but are mechanisms functional for the supply
of labor on a global scale and for the reproduction of the system.

How then is the newfound relative power of global capital over global
labor related to our analysis of the transnationalization of the state? Out
of the emerging transnational institutionality, the new class rela-
tions of global capitalism and the social practices specific to it are
becoming congealed and institutionalized. For instance, when the IMF
or the WB condition financing on enactment of new labor codes to
make workers more “flexible,” or on the rollback of a state sponsored
“social wage,” they are producing this new class relation. Function-
aries of the TNS are quite conscious of their role in subordinating
global labor to global capital in order to reproduce this new class
relation. For instance, in a major policy address delivered in 1984,
then IMF Director Jacques de Larosière explained: “Over the pastnine years the rate of return on capital investment in manufacturing in
the six largest industrial countries averaged only about half the rate
earned during the late 1960s.... Even allowing for cyclical factors,
a clear pattern emerges of a substantial and progressive long-term
drop in rates of return on capital. There may be many reasons for
this. But there is no doubt that an important contributing factor is to
be found in the significant increase over the past twenty years or so in
the share of income being absorbed by compensation of employees....
This points to the need for a gradual reduction in the rates increased in
real wages over the medium term if we are to restore adequate invest-
ment incentives.”

But more generally, the types of practices of national states that
became generalized in the late twentieth century – deregulation, fiscal
conservatism, monetarism, tax regressivity, austerity, etc. – produce
this relation. The shift in the 1980s from firm to state financed research
and development and from the state as a provider of social subsidies to
a subsidizer of private business, as well as the state’s withdrawal from
social reproduction through deregulation/re-regulation (from “rigidity”
to “flexibility”), the privatization of collective needs, and the lifting of
rules and regulations that hinder market forces, all resulted in an
increase in state services to, and subsidization of, capital, and under-
scored the increased role of the state in facilitating private capital
accumulation. With this comes a shift in income and in power from
labor to capital. These outcomes, I suggest, generate the broader social
and political conditions under which the new capital-labor relation is
forged.

But now we need to specify further the relationship of national states
in the TNS. Capital acquires its newfound power vis-à-vis (as expressed
within) national states. A transnational bourgeoisie exercises its class
power through the dense network of supranational institutions and
relationships that increasingly bypass formal states, and in conjunc-
tion, through the utilization of national governments as territorially-
bound juridical units (the inter-state-system), which are transformed
into transmission belts and filtering devices. But national states are
also transformed into proactive instruments for advancing the agenda
of global capitalism. This assertion that transnational social forces
impose their structural power over nations and the simultaneous as-
sertion that national states, captured by transnational fractions, are
proactive agents of the globalization process, only appear as contra-
dictory if one abandons dialectics for the Weberian dualist construct
of states and markets and the national-global dualism. Governments are
undertaking restructuring and serve the needs of transnational capital
not simply because they are “powerless” in the face of globalization,
but because a particular historical constellation of social forces now
exists that presents an organic social base for this global restructuring
of capitalism. Hence, it is not that nation-states become irrelevant or
powerless vis-à-vis transnational capital and its global institutions.
Rather, power as the ability to issue commands and have them obeyed,
or more precisely, the ability to shape social structures, shifts from
social groups and classes with interests in national accumulation to
those whose interests lie in new global circuits of accumulation. These
latter groups realize their power and institutionalize it in an emerging
TNS apparatus that includes supra-national organizations and also existing states of nation-states that are captured and reorganized by transnational groups and become, conceptually, part of an emergent TNS apparatus.

The contradictory logics of national and global accumulation are at work in this process. Class fractioning is occurring along a new national/transnational axis with the rise of transnational corporate and political elites. The interests of one group lies in national accumulation, including the whole set of traditional national regulatory and protectionist mechanisms, and the other in an expanding global economy based on worldwide market liberalization. The struggle between descendant national fractions of dominant groups and ascendant transnational fractions has often been the backdrop to surface political dynamics and ideological processes in the late twentieth century. These two fractions have been vying for control of local state apparatuses since the 1970s. Transnational fractions of local elites have ascended politically in countries around the world, clashing in their bid for hegemony with nationally-based class fractions. In the 1970s and the 1980s, incipient transnationalized functions set out to eclipse national fractions in the core capitalist countries of the North and to capture the “commanding heights” of state policymaking. From the 1980s into the 1990s, these functions became ascendant in the South and began to vie for, and in many countries, to capture, state apparatuses. They increasingly captured local states or key ministries and bureaucracies in the policymaking apparatus. They utilized national state apparatuses to advance globalization and established formal and informal liaison mechanisms between the national state structures and TNS apparatuses. Numerous supranational mechanisms, such as free trade negotiations, in turn, tie each national state to others in transnationalized networks. These emergent institutional configurations need to be studied.

Diverse nationally-based social forces in struggle produce different national state configurations that make for complex and multidimensional political dynamics and international relations. But, gradually, transnational blocs have become hegemonic in the 1980s and 1990s within nation-states. From the state, transnationalized fractions are thoroughly transforming the vast majority of countries in the world, ranging from Sweden and New Zealand to India, Brazil, Mexico, Chile, South Africa, and the United States. Moreover, transnational fractions in the North have utilized the superior structural and direct power that core national states exercise in the global system not to advance “national interests” in rivalry with other nation-states, but to mold transnational structures. Hence, national states do not disappear or even diminish in importance and may still be powerful entities. But these states are captured by transnational social forces that internalize the authority structures of global capitalism. Far from the “global” and “national” as mutually-exclusive fields, the global is incarnated in local social structures and processes. The disciplinary power of global capitalism shifts actual policy-making power within national states to the global capitalist bloc, which is represented by local social forces tied to the global economy. The new managers of the neo-liberal national states, from Clinton and Blair, to Cardoso and Mbeki, from Mohathir to Zedillo, are part of a new global ruling class and represent some of the more charismatic executive functionaries of a TNS.

By the 1990s, the transnational capitalist class had become the hegemonic class fraction globally. This denationalized bourgeoisie is class conscious, and conscious of its transnationality. At its apex is a managerial elite that controls the levers of global policymaking and exercises transnational state power through the multilayered configuration of the TNS. But this transnational bourgeoisie is not a unified group. “The same conditions, the same contradiction, the same interests necessarily called forth on the whole similar customs everywhere,” noted Marx and Engels in discussing the formation of new class groups. “But separate individuals form a class only in so far as they have to carry on a common battle against other classes; otherwise they are on hostile terms with each other as competitors.” Fierce competition among oligopolist clusters, conflicting pressures, and differences over the tactics and strategy of maintaining class domination and addressing the crises and contradictions of global capitalism make any real internal unity in the global ruling class impossible.

In summary, the capturing of local states by agents of global capitalism resolves the institutional contradiction discussed above between transnational capital and national states, that is, local state practices are increasingly harmonized with global capitalism. But this only intensifies the underlying class and social contradictions. Before discussing these contradictions, let us reconstruct in brief the emergence of a TNS in the latter decades of the twentieth century, tracing how transnational capitalists sought to institutionalize their interests within a TNS.
Some empirical reference points: The emergence of a transnational state: 1960s–1990s

Under the political-military canopy of U.S. supremacy, national capitals began a new period of internationalization and external integration in the post-WWII period. Escalating international economic activity unfolded within the institutional framework of the nation-state system and the cross-border regulation of "international regimes," in particular, the Bretton Woods system. As multinational corporations extended their reach around the world they sought to evade the central bank controls associated with the Bretton Woods system by depositing their capital in foreign currency markets. Economic internationalization thus brought the massive spread of dollars and other core country currencies around the world. Eurodollar deposits ballooned from just $3 billion in 1960 to $75 billion in 1970 – prompting the Nixon administration to abandon the gold standard in 1971 – and then climbed to over $1 trillion in 1984. The collapse of the Bretton Woods system of fixed currency exchange and national economic regulation via capital controls was the first step in the liberation of embryonic transnational capital from the institutional constraints of the nation-state system. It signalled the beginning of the transition to the globalization epoch and also the waning of U.S. supremacy. Liquid capital became accumulated in offshore capital markets established by nascent transnational banks seeking to evade the regulatory powers of national states. In the 1970s, the transnational banks began to recycle this liquid capital through massive loans to Third World governments.

Newly liberated global financial markets began to determine currency values, to destabilize national finances, and to undermine the national macro-economic management of the earlier Keynesian regime of capitalism. By the early 1990s, some $1 trillion in various currencies was being traded daily, all beyond the control of national governments. The dramatic loss of currency control by governments meant that state managers could no longer regulate the value of their national currency. The power to influence state economic policymaking passed from these state managers to currency traders, portfolio investors, and transnational bankers – precisely, the representatives of transnational finance capital – by virtue of their ability to move funds around the world. Offshore capital markets grew from $345 billion in 1973 to over $2 trillion in 1982, and by the end of the 1970s, trade in currencies was more than 11 times greater than the value of world commodity trade. And because this global movement of liquidity created unpredictable conditions of profitability, transnational corporations reduced their risks by diversifying their operations around the world, thus accelerating the entire globalization process and the political pressures for a TNS apparatus.

What Harvey has called "the tension between the fixity (and hence stability) that state regulation imposes, and the fluid motion of capital flow," was becoming "a crucial problem for the social and political organization of capitalism." 33. My argument is that in the transnationalization process this problem became manifest in pressures for transnational regulation. Transnational capitalists were quite aware of their role in pushing for a TNS apparatus. For example, transnational bankers worked collectively to transform the Bretton Woods agencies into their collective supranational instrument in the face of the 1980s Third World debt crisis. "The banks want to be assured that the [debtor] country is going to be pursuing the necessary adjustment program to take it out of its external debt situation to monitor what it is doing," noted the Citibank official in charge of Latin American debt negotiations, William H. Rhodes. "The banks have found that this is a very difficult role to play as a group and felt that a multilateral agency like the International Monetary Fund is better equipped to do so." 34

What was taking place structurally were long-term movements in the world capitalist system – the rise of the global economy and the emergence of transnational finance capital as the hegemonic fraction of capital on a world scale, as money capital became the regulator of new global circuits of production rather than investment capital. As Stephen Gill has argued, the international economic turmoil that began in the early 1970s was not, in fact, reflective of the breakdown of world capitalism, as some believed at the time. Rather, it was precisely the rough bumps of the emergence of transnational capital, concentrated in transnational financial capital. 35 Transnational capital needed an entirely new global political and economic environment, one in which it would no longer be hampered by nation-states or democracy.

As transnational corporate and political elites emerged on the world scene in the 1980s, they made explicit claims to building and managing a global economy through restructured multilateral and national institutions. They pressured for the dismantling of Keynesian welfare and developmentalist states and the lifting of national controls over the free movement of globally-mobile capital. They pushed for public
sectors and non-market community spheres to be opened up to profit making and privatized (what Marx termed the “alienation of the state”), and set about to impose new production relations of flexible accumulation. This transnational bourgeoisie became politically organized. The formation in the mid-1970s of the Trilateral Commission, which brought together transnationalized fractions of the business, political, and intellectual elite in North America, Europe, and Japan, was one marker in its politicization. Others were: the creation of the Group of 7 forum at the governmental level, which began institutionalizing collective management of the global economy by corporate and political elites from core nation-states; the transformation of the OECD, formed in the 1950s as a supranational institution by the 24 largest industrialized countries to observe their national economies, into a forum for economic policy coordination and restructuring; and the creation of the World Economic Forum, which brought together the top representatives of transnational corporations and global political elites. Studies on building a global economy and transnational management structures flowed out of think tanks, university centers, and policy planning institutes in core countries.45

The diverse activities, strategies, and power positions of global elites as they sought practical solutions to the problems of accumulation around the world gradually converged around a program of global economic and political restructuring centered on market liberalization – the so-called “Washington consensus.”47 This program cohered in the 1980s. The global elite set out to convert the world into a single unified field for global capitalism, amidst sharp social struggles and multiple forms of resistance from subordinate groups and also from dominant groups not brought into this emerging global capitalist bloc. It pushed for greater uniformity and standardization in the codes and rules of the global market – a process similar to the construction of national markets in the nineteenth century but now replicated in the new global space. The G-7 in 1982 designated the IMF and the World Bank as the central authorities for exercising the collective power of the capitalist national states over international financial negotiations.48 At the Cancun Summit in Mexico in 1982, the core capitalist states, led by the United States, launched the era of global neo-liberalism as part of this process and began imposing structural adjustment programs on the Third World and the then-Second World, as I discuss in the next section. Transnational elites promoted international economic integration processes, including the NAFTA, the EU, and the APEC, among others.49 They created new sets of institutions and forums, such as the WTO, the Multilateral Agreement on Investment (MAI), and so on. In this process, the existing supranational institutions, such as the Bretton Woods and the UN institutions, were not bypassed but instrumentalized and transformed.

For instance, during the 1980s, the composition of loans to the former Third World changed dramatically. In 1981, 42 percent of net loans came from commercial banks and 37 percent from multilateral agencies.50 By 1988, private banks supplied only 6 percent and the multilaterals 88 percent of net loans. In effect, the Bretton Woods institutions loaned public funds to national states to repay the private banks, and then utilized the resultant financial power centralized in their hands to acquire control over economic management and political authority that comes with it. For its part, the World Bank shifted in the 1980s from project loans to policy loans aimed at restructuring local economies and integrating them into the global economy.51 The reformed Bretton Woods institutions took the reins in organizing global economic restructuring, especially through neo-liberal programs (see below). Similarly, the UN conference system helped achieve consensus on reshaping the world political and economic order, while UN agencies such as the United Nations Development Program (UNDP) and the UN Conference on Trade and Development (UNCTAD) began to promote the transnational elite agenda of economic liberalization. The UNDP's frequently cited annual Human Development Report, for instance, while highly critical of global inequalities, is explicit in calling for more globalization and liberalization as the remedy. Speaking before the World Economic Forum in 1998, UN Secretary General Kofi Annan explained how the UN seeks to establish the international security and regulatory environment, and the social, political and ideological conditions, for global markets to flourish:

[The UN agencies] help countries to join the international trading system and enact business-friendly legislation. Markets do not function in a vacuum. Rather, they arise from a framework of rules and laws, and they respond to signals set by Governments and other institutions. Without rules governing property, rights and contracts; without confidence based on the rule of law; without an overall sense of direction and a fair degree of equity and transparency, there could be no well-functioning markets, domestic or global. The UN system provides such a global framework – an agreed set of standards and objectives that enjoy worldwide acceptance. A strong United Nations is good for business.52
The Uruguay Round of world trade negotiations that began in 1986 in Punta del Este, Uruguay, under the auspices of the GATT, established a sweeping new set of world trade rules to regulate the new global economy based on: 1) freedom of investment and capital movements; 2) the liberalization of services, including banks; 3) intellectual property rights; 4) a free movement of goods. The free movement of goods ("free trade") meant largely freedom of intra-firm trade, which accounted for up to two-thirds of world trade and which itself is a commercial expression of globalization.53 On the conclusion of the Uruguay Round the GATT created the WTO, in 1995, to supervise this new "free trade" regime. The GATT liberalizations and the creation of the WTO were backed by a powerful and well-organized lobby of transnational corporations. Although its powers are far from absolute, the WTO is perhaps the archetypical transnational institution of the new era. The WTO assumes unprecedented powers to enforce the GATT "free trade" provisions. It has independent jurisdiction, its rules and rulings are binding on all members, and it has the power to sanction, to overrule state and local powers, and to override national regulatory powers. The theoretical import here is that the WTO is the first supranational institution with an enforcement capacity not embedded in any particular nation-state but rather directly in transnational functionaries and the transnational corporate elite.

The GATT's global rules have generated tensions with national blocs in their competition with transnational blocs and the policies they promote (e.g., over farm policies) and evince the national/transnational class tensions discussed earlier. As the ups and downs in farm policy in the 1980s made clear, national blocs from core countries such as the United States and the EU member states were able to use their more powerful national states to advance their interests internationally. This confused many observers, who saw it as a sign that national-state and North-South competition rather than globalization remained at the core of world political dynamics. As the 1990s progressed, the transnational bloc was able to impose its agenda of agricultural commodity liberalization, which makes global sourcing possible. (In turn, the collapse of agricultural sectors in the former Third World accelerated the proletarianization process bound up with globalization.)

By the late 1990s, the TNS as an institution attempting to impose its authority on a fluid and spatially open process of capital accumulation was assuming some powers and historic functions that the nation states had lost in organizing collective action to facilitate and reproduce this process in the global economy. The creation of a capitalist superstructure that carries out at the transnational level functions indispensable for the reproduction of capital, especially those that national states are unable to perform, does not mean that a TNS has become consolidated as a fully functioning political, administrative, and regulatory structure. There is no clear chain of command and division of labor within the TNS apparatus, nor anything resembling, at this time, the type of internal coherence of national states, given the embryonic stage of this process. Instead of a coherent TNS there seem to be multiple centers and partial regulatory mechanisms. Moreover, diverse institutions that constitute a TNS have distinct histories and trajectories, are internally differentiated, and present numerous entry points as sites of contestation.

Nonetheless, the TNS has developed mechanisms to assume a growing number of functions traditionally associated with the national state. One is compensation for market failure. Here we have IMF bailouts of Mexico, Southeast Asia, Brazil, etc. Another is money creation. The creation of EU currency showed that this can be transnational. A third is legal guarantees of property rights and market contracts. The powers of the WTO would suggest that this may be supranationally enforced. Yet another is the provision of public goods (social and physical infrastructure). The social policies, investment decisions, and resource mobilization determining infrastructure are increasingly set supranationally and then executed through national states. In a similar vein, fiscal intervention, credit creation, tax redistribution, and even control over capital and labor allocations are increasingly activities designed in the supranational policy arena for execution by national states. And although police surveillance and military power have remained largely at the nation-state level, the TNS has increasingly developed military mechanisms. For example, the United Nations has assumed an expanded role in global policing. It was involved in "preventative diplomacy" or "peacekeeping" in 28 conflicts in 1994, compared with 5 in 1988, involving 73,393 military personnel, compared with 9,570 in 1988.54

Despite this expanded TNS activity, there are numerous tasks that the TNS has not been able to accomplish, such as reining in speculation and excesses that so characterize the frenzied "casino capitalism" of the global economy.55 We do not want to reduce the analysis here to a functional one: identifying the functions of the TNS as such does not imply functional analysis so long as the conditions under which these functions are unfulfilled are specified and problematized, as they are...
later on in this article, and provided that our explanations of social processes demonstrate the mechanism of agency or how a determined outcome could have been otherwise, as I have attempted to show in brief here. A satisfactory account should not imply an evolutionary notion and should leave open the possibility of historic discontinuities and of contingencies that generate alternative pathways of development, including alternative futures. The capitalist state “must be conceived both as a structure constrained by the logic of the society within which it functions and as an organization manipulated behind the scenes by the ruling class and its representatives,” note Gold, Lo, and Wright. “The extent to which actual state policies can be explained through structural or instrumental processes is historically contingent.”

The evidence reviewed here suggests the power of the emergent transnational bloc has been exercised both structurally and instrumentally. The interests of transnationally-mobile capital have been met “behind the backs” of transnational capitalists as collective actors and by virtue of the structural power their dominant role in the global economy accrues. But at the same time the process has involved an instrumentalization by emerging transnational fractions of the bourgeoisie of existing and newly created TNS apparatus.

The reason the dense network of supranational organizations discussed here assumes the functions of a transnational state is that transnational classes and groups operate through them at multiple levels. Global corporate executives, for instance, manage their European operations through EU administrative structures, plan investments in North America through the NAFTA, consult with the IMF and the World Bank on Latin American macroeconomic performance as regards their South American activities, coordinate their Asian plans with the Asia Development Bank over infrastructural needs, and so on. These same executives share their worldwide experience and strategize at the annual Davos meetings of the World Economic Forum over what proposals to bring to the WTO or the UN, just as IMF and WB officials, central bankers, and private transnational bankers mingle together each year at the annual IMF and WB meetings to discuss global financing and draw up policy. As transnational capitalists move about the world, their practices integrate these diverse supranational forums into a coherent network.

Investigation into the social mechanisms that regulate the functional relationships bound up with the TNS would include as well a focus on the gamut of private transnational business associations and political planning groups that have proliferated since the 1970s through which the transnational elite has exercised its agency. Social scientists have studied elite planning groups at the national level as important forums for integrating and socializing class groups, producing new policies and initiatives, developing strategies and projects, forging consensus and cultural cohesion. The growing network of such private groups at the transnational level points to the expansion of a transnational civil society as part of the globalization process and parallel to the rise of a TNS. They include such well known bodies as the Trilateral Commission, the International Chamber of Commerce, and the World Economic Forum. But they also include more specialized associations of transnational capitalists such as the Institute of International Finance, for example, created in 1983 by 300 representatives from transnational banks and investment firms from 56 countries around the world to serve as a policy center, lobbyist, researcher, and consultant for transnational finance.

In summary, it is out of the process summarized above that a TNS apparatus began to emerge, not as something planned as such, but as the political consequences of the social practice and class action of the transnational capitalist class in this historic juncture, and as an apparatus that is not replacing but emerging out of the pre-globalization infrastructure of world capitalism. We can glimpse in this way how the TNS exerts a determining influence on class formation around the world. The relationship between capitalist development and the state is mutually determining rather than unidirectional. The recursive influence of the TNS on global class formation is precisely what we would expect from a historical-materialist theoretical understanding of the state as an element of political mediation between social forces and productive structures that serves to reproduce or transform class and group relations. But this snapshot of the rise of a TNS is not complete. We need to examine as well the transformation of the national state since this is an integral part of the story.

From welfare and developmentalist to neo-liberal national states

As the transnational ruling bloc emerged in the 1980s and 1990s, it carried out a “revolution from above,” involving modifications made from above in global social and economic structure through the agency of TNS apparatuses. Alongside the process of creating a supranational apparatus, this ruling bloc set about to penetrate and restructure na-
nal states. As capital became liberated from the nation-state, and along with it, the types of rigidities associated with Fordist-Keynesian accumulation and their drag on profits, the social structures of accumulation negotiated among capital, labor, and diverse subaltern classes began to disintegrate. In the United States and other core countries, this spelled the end of the Fordist era. In the second world, it spelled the rise of transnationalized fractions among aspiring elites who began to form liaisons with the global bourgeoisie and articulate a project for full (re)integration into world capitalism. In the Third World, the nationalist bourgeoisie, petty-bourgeois, and revolutionary regimes became displaced by transnationalized fractions of local elites as multi-class developmentalist projects unraveled.

In the aggressive pursuit of its project, the transnational capitalist class has conducted prolonged ideological campaigns aimed at legitimating the dismantling of welfare and developmental states and at disseminating a global capitalist ideology of consumerism and individualism. It has forged opportune alliances, in some cases with forces of the Right and the Far Right and the subaltern classes organized into right-wing populism. This was the case with the conservative forces in the U.S. Republican party identified with Ronald Reagan in the early 1980s, behind whose right-wing populist rhetoric were powerful representatives of transnational capital. In other cases, it has entered into coalitions with left-of-center and progressive, and even leftist, forces that have provided a legitimacy for austerity and economic restructuring, or that have been able to exercise a social control function that the transnational capitalist class and its local agents could never have achieved. This may be the case, for instance, with the African National Congress in South Africa, with socialists and communists in Europe, and former revolutionary movements in Central America.

If the accumulation of money capital outside of the nation-state system was one important aspect of the process of economic globalization, it was also a key mechanism in the incorporation of countries, especially peripheral ones, into the transnationalization process, and more generally, in the transformation of welfare and developmentalist into neoliberal states. The debt crisis of the 1980s imposed the power and authority of global capitalism within the very structure and functioning of Third World national states. Debt led to the reorganization of countries and regions around the world into a reorganized global economy. The massive infusion of recycled liquid capital into the Third World in the 1970s, linked to the concentration of economic power in transnational

finance capital, had profound effects on existing groups and class constellations in the periphery. The need to earn foreign exchange to pay back the debt (the structural power of transnational capital over debtor states along with the direct pressures of core national states enforced payback) forced nations to restructure their economies in favor of exports in accordance with the changing structure of world market demand. Over an extended period, debt contraction and subsequent reserves inequities had the consequence of strengthening those sectors with external linkage, redistributing quotas of accumulated political and economic power toward new fractions linked to transnational capital. At a certain point in this process the debtor nation is unable to maintain fiscal solvency and turns to the supranational economic institutions for assistance that is made conditional on the adoption of a structural adjustment or "neo-liberal" program. The neo-liberal program was designed in the 1970s and 1980s by the international financial agencies and the think tanks of the newly organized transnational bourgeoisie. This program calls for the elimination of state intervention in the economy and the regulation of individual nation-states over the activities of capital in their territories. It seeks to achieve the conditions in each country and region of the world for the mobility, free operation, and expansion of capital. The adjustment programs become the major mechanism of adjusting local economies to the global economy. Between 1978 and 1992 more than 70 countries undertook stabilization and structural adjustment programs imposed by the IMF and the World Bank. These programs massively restructured the productive apparatus in these countries and reintegrated into global capitalism vast zones of the former Third World, under the tutelage of the emergent TNCs.

Specifically, these programs pursue macroeconomic stability as an essential requisite for the activity of transnational capital. This model seeks to harmonize a wide range of fiscal, monetary, industrial, and commercial policies among multiple nations, as a requirement for fully mobile transnational capital to function simultaneously, and often instantaneously, among numerous national borders. In the neo-liberal model, stabilization, or the package of fiscal, monetary, exchange, and related measures intended to achieve macroeconomic stability is followed by "structural adjustment": a) liberalization of trade and finances, which opens the economy to the world market; b) deregulation, which removes the state from economic decision making (but not from activities that service capital); c) privatization of formerly public spheres that could hamper capital accumulation if criteria of public
interest over private profit are left operative. The TNS pursues through this model what Offe and Ronge term “administrative recommodification,” or the creation of conditions under which values can function as commodities,\textsuperscript{64} which helps generate the overall conditions for the profitable (“efficient”) renewal of capital accumulation through new globalized circuits, and along with it, for social reproduction in the age of globalization. Neo-liberalism is in this way the “grease” by which global capitalism tears down all non-market structures. By prying open and making accessible to transnational capital every layer of the social fabric, neo-liberalism helps dissolve the boundaries between the national and the global.

Here we see the nuts and bolts of the transnationalization of the national state. Economic restructuring begets political restructuring as power is redistributed in society, and also within the national state apparatus itself, toward emergent transnational nuclei of local dominant groups. The adjustment process facilitates a simultaneous contraction in overall demand and a transfer of income and resources from workers and small-scale producers to large producers and bureaucratic personnel tied to transnational capital.\textsuperscript{63} Restructuring results in a transfer of state resources from programs supporting working-class reproduction to those state agencies connected to globalization, in which the technical criterion of “efficiency” replaces all social criteria that might contravene the logic of cross-border capital accumulation. It similarly effects a transfer of power from program-oriented ministries (social services, education, labor, etc.) to Central Banks, treasuries and finance and economic ministries, and the foreign ministry. As resources are transferred from the domestic to the external sector, and from these to the world market, transnational pools in each nation are strengthened. These transnationalized fractions became incorporated into the transnational bourgeoisie and set about to capture local states.\textsuperscript{63} In fact, it is not uncommon for Central Bank presidents to be appointed by the IMF or the WB. The movement toward Central Bank independence has the purpose of insulating the commanding heights of national state policymaking from any public control or accountability, and also of insulating these organs of the state that tie each national economy to the global economy from other organs of the national state that could come under public pressure.\textsuperscript{64} A recent WB report was explicit on this matter. Reforming the state, the report asserted, begins “with a few critical enclaves [that] typically include the ministry of finance, the central bank, and the tax collection agency... [restructuring these organs] can mostly be achieved through executive order ... [and should] establish effective macroeconomic management by an insulated technocratic elite.”\textsuperscript{65}

Local technocratic elites come to operate through the networks of the TNS that bypass the formal channels of government and other social institutions subject to popular influence.\textsuperscript{56} Power passes upward to supranational structures, including financial networks, as this supranational political integration proceeds. There is a loss of whatever democratic control, or at least influence, the citizenry may have been able to exert over policymaking and resource allocation. Decision-making and regulatory mechanisms emanating from supranational agencies and from local contingents of the transnational bourgeoisie are superimposed on national-states, which themselves become absorbed into the emergent TNS apparatus. However, while the TNS does impose neo-liberal adjustment programs, the supranational integration of national state apparatuses does not necessarily come from the outside. This is not a one-way penetration: it is as much the result of strategies pursued by local dominant groups in the process of transnationalization as it is of external imposition that is generally emphasized in the literature (reflecting the national-global dualism). When state managers adjust national economies to the global economy, they are doing so not necessarily because they are compelled to by some “external” (extra-national/global) force. This national-global duality is a mystification.

Structural adjustment programs thus help undetermine the multi-class political coalitions and social projects that developed in the pre-globalization period, such as the populist projects and the “developmental states” in the Third World (although the core countries, save Great Britain, have not generally adopted IMF programs, the same adjustment pressures emanating from the global economy undermine the Keynesian welfare projects there). New transnational blocs come to replace these multi-class coalitions. For this purpose, WB and IMF structural adjustment programs emphasize “policy dialogue” and “institution building” as a way of organizing coalitions in governments sympathetic and attuned to the restructuring program.\textsuperscript{57} Labor and popular classes are expunged by the new dominant bloc from the political coalitions and social projects of the pre-globalization period.

In the 1980s, the TNS charted a new model of development. The World Bank in 1980 redefined development, no longer as national economic growth, but as successful “participation in the world market.”\textsuperscript{68} At the core of the new development model was a wholesale shift from
production for domestic markets to production for the world market, signalling the subordination of local circuits of accumulation to new global ones. Later in that decade, the definition was extended to include a policy of broad liberalization. The new development model is based on each country’s rearticulation to world markets through the introduction of new economic activities linked to global accumulation, the contraction of domestic markets, the cheapening of labor through the casualization and social austerity to make it “competitive,” and the opening up of each country’s public sectors, protected industries, and natural resources to commercial exploitation. Through this process the neo-liberal states institutionalize locally the new global class relation discussed earlier. The neo-liberal national states of the late twentieth century reflect the new historic correlation of social forces that emerged following the breakup of the capitalist state structures that were shaped by particular class and social struggles in the period from the 1890s into the 1970s.

Hence, far from the “end of the nation-state,” as a slew of recent studies has proclaimed,83 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. In addition, they perform three essential functions: 1) adopt fiscal and monetary policies that assure macro-economic stability; 2) provide the basic infrastructure necessary for global economic activity (air and sea ports, communications networks, educational systems, etc.), and; 3) provide social order, that is, stability, which requires sustaining instruments of direct coercion and ideological apparatuses. When the transnational elite speaks of “governance,” it is referring to these functions and the capacity to fulfill them. This is made explicit in the WB’s World Development Report for 1997, The State in a Changing World, which points out that the aegis of the national state is central to globalization. In the WB’s words, “globalization begins at home.” But the functions of the neo-liberal state proceeds, internal social cohesion are contradictory. As globalization proceeds, internal social cohesion is weakened. The neo-liberal declines along with national economic integration. The neo-liberal state retains essential powers to facilitate globalization but it loses the ability to harmonize conflicting social interests within a country, to realize the historic function of sustaining the internal unity of nationally-conceived social formation, and to achieve legitimacy. This helps to explain the collapse of the social fabric in country after country and the outbreaks of spontaneous protest among disembedded layers. The result is a dramatic intensification of legitimacy crises, a contradiction internal to the system of global capitalism.

Concluding remarks

The confidence exuded by transnational elites in the latter decades of the twentieth century—with the “end of history” thesis and so on—has given way to fear of looming crisis. The world recession of the 1990s exposed the fragility of the world monetary system and caused rising alarm and growing fissures in the inner circles of the global ruling class. As the decade drew to a close, a rising chorus of voices called for centralized global financial regulation and numerous proposals were put forward for achieving it, ranging from the creation of a world central bank to the transformation of the IMF into a veritable “lender of last resort.” These developments highlighted the attempt by transnational elites to achieve some regulatory order, given the inability of an incipient TNS to stabilize the system. In the past, contradictions germane to capitalist development led to periodic crises that tended to result each time in a reorganization of the system. Classical imperialism, for instance, allowed core countries to displace to the colonial world, momentarily, some of the sharpest social antagonisms that capitalism generated, while Keynesian absorption mechanisms such as credit creation offset overaccumulation crises. Many if not all of these recurrent crises have been mediated by the nation-state. Under globalization the national-state is less able to address these manifold crises. Yet the emergent TNS is not yet equipped to resolve them, especially those of overaccumulation and social polarization. Even if the global financial system can be brought under regulation, the mechanisms simply do not exist for absorption strategies, nor does the system provide a material basis for a project of legitimation. It is not clear in the new epoch how these contradictions will be played out, or to what extent we may expect a TNS to acquire a capacity to resolve them.

This raises another issue. The fusion of the state and capital would seem to be unprecedented under globalization, and the TNS appeared at the turn of the century to represent capital and nothing but capital. As evidenced in the active role that transnational corporate lobbyists played in the GATT liberalizations, the creation of the WTO, and the MAI negotiations, TNCs have increasingly operated openly as organized political as well as economic entities in a way that brings to
mind the old business dominance theories of the state. Historically newly strengthened ruling classes can quickly constrict state autonomy as they make more intensive use of the state in times of major capitalist restructuring. This is clearly what has happened since the onset of the 1970s of the current restructuring crises. But capitalists are not necessarily rational in pursuit of their self-interest. "In those historic periods in which the hegemony of the business community is most absolute," Fred Block has noted, "when it is required to make fewest compromises in imposing its free market ideas on the state, the choice of policies will be most irrational." Is it possible for TNS cadre to acquire enough autonomy from transnational capitalists to act independent of their short-term interests? Can the TNS develop a long-term project of global capitalist development beyond these interests? These are looming questions and point to key issues best left for future research, such as the incomplete and open-ended development of a TNS, one aspect of which is the lack of real enforcement and coercive capacity - at least at this time in the very nascent development of the structure - in the same way exercised historically by national states.

This is not an essay in state theory. But globalization poses a challenge for theoretical work on the state. State theory became a hot topic in the 1960s and 1970s with the Miliband-Poundanzas debate over instrumentalist versus structuralist explanations of state practices. This open-ended debate continued in the 1970s and 1980s with a new round of neo-Marxist theorizing by Block, Therborn, Off, Wolfe, O'Connor, and others. And the entire Marxist approach came under challenge by the state-centered thesis of Theda Skocpol and by neo-realist, who revived Weberian theorizing on the state and geo-politics and delineated a new conception of an autonomous state-as-actor. More recently, development sociology has focused on the role of the state in an effort to explain the East Asian "economic miracles" and differential national developmental outcomes in the world economy.

Globalization has now cast the state debate in a new light, that of the relation of the state to transnational processes. State theory has developed generalizations on the nature of the state from the study of its particular historical (nation-state) form and has not generally concerned itself with the transnationalization of capital and the state. It is difficult, in lieu of the historical dynamics analyzed in this essay, to maintain the Weberian-inspired theoretical conceptualization of the state as a relatively independent national actor driven by geo-political competition with other states. But those Marxist and world-system conceptions that posit an immutable nation-state system require modification as well. Theoretical and empirical work on the state in the age of globalization should focus on a "deterриториализация" of the relationship of capital to the state. Here the conception becomes one of the "pure" reproduction of social relations, that is, a process not mediated by fixed geo-political dynamics. Marxists would do well also to reconsider the argument by Marx and Engels that "the proletariat of each country must, of course, first of all settle matters with its own bourgeoisie." Is its own bourgeoisie is now transnational. Each "national" bourgeoisie is as well the bourgeoisie of the proletariat of numerous countries. This would indicate for political strategy that subordinate classes must transnationalize their struggles, or as some have called for, a "globalization from below" to counter the capitalist globalization from above. This would imply that popular classes whose political fulcrum has been the nation-state transpose to transnational space their capacity to place demands on the system and convert the TNS into contested terrain. Globalization - indeed, the history of capitalism - is an incomplete, highly-contested, and conflict-ridden process that certainly opens up new opportunities for emancipatory projects.

A more complete study on the TNS than is possible here should explore the relationship between the TNS and transnational civil society, employing Antonio Gramsci's notion of an extended (or enlarged) state incorporating both political society (the state proper) and civil society. For Gramsci, "these two levels correspond on the one hand to the function of hegemony which the dominant group exercises throughout society and on the other hand to that of 'direct domination' or command exercised through the State and ‘juridical’ government." This essay addresses the matter of transnational political society, or a TNS "proper," although the matter of transnational civil society is of great significance, since the TNS exists as part of a larger totality and because the practices of an emerging global ruling class take place at both levels. The transnational elite has directly instrumentalized this TNS apparatus, exercising a form of transnational state power through the multilayered configuration of the TNS. But this elite is attempting to establish the hegemony of a new global capitalist historic bloc at the broader level of an extended state. In this regard, a more complete study would as well explain how the multilayered configuration is itself internally differentiated and presents numerous sites of contestation, just as national states are internally differentiated and contested at numerous entry points.
I have suggested here that the nation-state is a historically-specific form of world social organization in the process of becoming transcended by globalization. Historic structures may be transcended by their destruction and replacement. This is how, for instance, the historic structures of monarchy and feudalism in France were superseded. Such structures may also be superseded by transformation through incorporation into emergent new structures. This was the route through which monarchic and feudal structures were transcended in England. Hence there are monarchial and feudal residues in England that we do not find in France. I am suggesting here that a TNS is emerging through the latter route: the nation-state system is not being destroyed but transformed and incorporated through the process of globalization into the larger emergent structure of a TNS.

Let us recall that we study static structures for methodological purposes only, because there are abstractions from reality that can only be understood in relation to the dynamics of structural change. The static structure is of less concern than movement in structure. Social reality is best grasped in a synthesis of its synchronic and diachronic dimensions. Seen in this light, the nation-state and the inter-state system are not a constitutive component of world capitalism as an integral social system but a (the) historical form in which capitalism came into being. Temporarily, the nation-state is penetrated from the past and the future as a disintegrating structure. The state, shed of its coterminality with the nation-state, may be seen as structure in motion whose form is changing under globalization. The emergent TNS as an unfinished and open-ended process is, as are all historic processes, subject to being pushed in new and unforeseen directions and even to reversals. Beyond state theory, the globalization perspective presented in this essay may enhance our ability to comprehend the nature and direction of world social change in the new century and enrich the development of social theory more generally.

Acknowledgments

I would like to thank James R. Maupin, Giococnda Espinoza, Jeffrey Mitchell, Kees van der Pijl, George Lambie, Leslie Skhiri, Mark Rupert, Hazel Smith, Isabel Passalacqua, and three Theory and Society reviewers for their comments of earlier drafts of this essay.

Notes


4. This is implicit in the argument of sociologist Immanuel Wallerstein, the best known exponent of world system theory, for whom the determinant distinction between core, semi-peripheries, and periphery, are different forms of labor control. See Wallerstein, The Modern World System (San Diego: Academic Press, 1974).


6. It is not possible to develop this discussion here, but see Robinson, “Beyond Nation-State Paradigms.”

7. Since its implication in my argument is not necessarily apparent, I should state that the logic of capital accumulation and the dynamics of capitalist development have led to its current globalist state. Globalization is not a teleological inevitability. It is an emerging structure in motion.

8. The institutionalization of social life is a core theme in sociology. As regards the recent history and specific configurations of capitalism, the French "regulation
school," the U.S. "social structure of accumulation" school, and the Amsterdam school’s notion of "comprehensive concepts of control," have theorized the sets of shifting social, political, and cultural institutions that constitute "regimes of accumulation" and make possible over time the reproduction of capitalism (even though all three schools do so within a nation-state framework). See, respectively, M. Aglietta, A Theory of Capitalist Regulation (London: 1973); David M. Kotz, Terence McDonough, and Michael Reich, editors, Social Structure of Accumulation: The Political Economy of Growth and Crisis (Cambridge: Cambridge University Press, 1984); Kees van der Pijl, Transnational Classes and International Relations (London: Routledge, 1985). I find these schools useful to the argument that follows and their contribution to my thinking should be apparent.


12. The term state is also used in certain circumstances—frequently in world-system and comparative-historical approaches in the social sciences—to refer to the overall territory and social system that is subject to a particular rule or domination. By this definition, the emerging world order characterized by the domination of transnational capital constitutes a transnational or global state.

13. In Economy and Society, where Weber’s more detailed discussion of these issues is to be found, Weber elaborates on this dialectical conception, in his notion of the checkered history of the competition and antagonism between states and capital and the rise of "an alliance of the state with capital" in the emergence of modern capitalism and the inter-state system. See Max Weber, Economy and Society, 2 volumes, Guenther Roth and Claus Wittich, editors, (Berkeley: University of California Press, 1978 [1922]), 533-534.


17. A whole journal, Global Governance, is dedicated to this theme. For a call for such governance, see The Commission on Global Governance, Our Global Neighbor (New York: Oxford University Press, 1995). See also: Murphy, International Organization and Institutional Change; Held, Democracy in the Global Order.


21. Marx and Engels note in The German Ideology (New York: International Publishers, 1970 [1846]): "Since the state is the form in which the individuals of a ruling class
assert their common interests, and in which the whole civil society of an epoch is epitomized, it follows that the state mediates in the formation of all common institutions and that the institutions receive a political form" (180). Marx's discussion on so-called primitive accumulation in Capital, Book VIII, highlights the role of the state in facilitating the conditions for new economic and social relations. Here I want to highlight the role of the TNS in facilitating the conditions for new types of relations developing under globalization.

22. I would like to thank one of the Theory and Society reviewers for formulating the problematic in this manner.


24. Alain Lipietz, Towards a New Economic Order: Postfordism, Ecology and Democracy (New York: Oxford University Press, 1992). The assertion here needs to be placed within the larger world political dimension as well. The triumph of the Western world political dimension as well. The triumphant world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. The triumph of the Western world political dimension as well. 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46. For an earlier discussion of the impact of international elite reports writing on the eve of globalization, see Robert W. Cox, "Ideologies and the New International Economic Order: Reflections on Some Recent Literature," International Organization 33/2 (1979): 263-302. For an updated discussion, see Murphy, "Inequality, Turmoil, and Democracy."


51. See McMichael, Development and Social Change, 159. In 1983, World Bank president A. W. Clausen remarked: "The fundamental philosophy of our institution is to help countries diversify their exports ... and to have an export orientation." Cited in ibid.


54. Cited in Philip McMichael, Development and Social Change: A Global Perspective (Thousand Oaks: Pine Forge, 1996). But perhaps the most important thing to note is that the structural power of transnational capital allows it to exercise economic coercion in a way hitherto unseen, and to, in part, subvert the earlier forms of coercion in a way hitherto unseen and destructive economic coercion such as military force by colonial states and direct and indirect economic intervention, the drive to shape and reproduce the dominant social structures and practices.


59. See Williamson, "Democracy and the Washington Consensus."


61. Claus Offe and Volker Rungs, "Theses on the Theory of the State," New German Critique, 6 (1975): 139-147. For theoretical discussion on the contradictory role of the state in simultaneously reproducing yet negating commodity relations, see Boris Frankel, "On the State of the State: Marxist Theories of the State After Leninism," Theory and Society 7 (1979): 205-237. Pressures are generated from capital for privatization. These pressures, I maintain, became quite effective in the 1980s and 1990s due to the enhanced structural and direct power of transnational capital as a result of globalization.


63. This often took place through the political reorganization of peripheral states affected during "transitions to democracy." For detailed discussion on this point, see Robinson, Promoting Polyarchy.


68. McMichael, Development and Social Change, 111.

69. McMichael, Development and Social Change, 149, 159.

70. On this point, see William I. Robinson, "Latin America and Global Capitalism," Race and Class 40/2-3 (1998/1999): 111-131. James O’Connor (1994: 166) notes that the state provides capital with access to labor power, nature, and infrastructure. The point here is that the TNS does precisely this for transnational capital at a global level.


73. The State in a Changing World (Washington, D.C.: World Bank, 1997), 12. For two analyses of this seminal report, see Craig N. Murphy, "Inequality, Turmoil, and Democracy"; Leo Panitch, ""The State in a Changing World: Social-Democratizing Global Capitalism?" Monthly Review 50/5 (October 1998): 11-22. According to the report, national states must play an active role as "partner, catalyst, facilitator" of globalization (p. 12), and that it is essential for them to maintain "liberal trade, capital markets and investment regimes" (p. 13).

74. In 1994, a group called the Bretton Woods Commission, headed by former U.S. Federal Reserve Board chairman Paul Volcker, himself a key figure in globalization, called for an overhaul of the world monetary system, with an enhanced disciplinary role for the IMF in all countries, including the United States. In June
1995, the G-7 took the endeavor further, drafting strategies to transnationalize
efforts to stabilize the world monetary system, including the creation of a world-
wide emergency fund to bail out countries on the verge of bankruptcy and deeper
financial surveillance of national states and the systems at large. See McMichael,
Development and Social Change, 174-175. For the slew of proposals for achieved
centralized global financial regulation, see Business Week, October 12, 1998, “Special
Report: How to Rebuild the World Financial System,” 113; 116; The Economist,
Redesign.” Murphys, reviewing other reports released in 1997 by transnational
organizations, predicted that a “Third Way” ideology as epitomized by Clinton
and Blair would become hegemonic in the face of the intractable problems and
the legitimacy crisis of neo-liberalism. This ideology, however, would not question
the premises of an ever more open and integrated global economy. “Inequality,
Turnover, and Democracy.”

(October 1999): 23, 32 (citation on p. 26). See also James Davis and Cheryl Bishop.
“The Mali: Multilateralism from Above.” Race and Class 40:2 (October 1998-


77. See, inter alia: Ralph Miliband, The State in Capitalist Society (London: Weiden-

78. See, in particular: Fred Block, Revising State Theory (Philadelphia: Temple University
Press, 1987). James Purcell, The Fiscal Crisis of the State (New York: St Martin’s,
London: 1973); Goran Therborn, What Does the Rising Class do When it Rules? (London:
The New Left Books, 1987); Alan Wolfe, The Limits of Legitimacy (New York: The
Free Press, 1977); Claus Offe, “The Theory of the Capitalist State and the Problem
of Policy Formation,” in L. Lindberg et al., editors, Staat und Konzentrations-
handel (Stuttgart: F. Enke, 1977); Richard Appelbaum and Jeffrey Henderson,
editors, States and Development in the Asian Pacific Rim (Philadelphia: Temple
University Press, 1992); Peter Evans, Embedded Autonomy: States and Industrial
Transformation (Princeton: Princeton University Press, 1995). And see the works of
Richard Appelbaum and Jeffrey Henderson, editors, States and Development in the
Asian Pacific Rim (Philadelphia: Temple University Press, 1992); Peter Evans,
Embedded Autonomy: States and Industrial Transformation (Princeton: Princeton
University Press, 1995).

79. Karl Marx and Frederick Engels, The Communist Manifesto, in Robert C. Tucker,

80. See, e.g., Christopher Chase-Dunn and Terry Nannestad, “Post-Communism and the
195-219.

81. Antonio Gramsci, Selections from Prison Notebooks (New York: International

82. For discussion, see Robinson, Promoting Polyarchy.

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Revisiting the question of the transnational state:
A comment on William Robinson’s “Social theory and globalization”

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William Robinson’s thoughtful and provocative essay calls for a recasting
of the parameters of social theory in light of the structural shifts
associated with globalization. In particular, he argues that the sociology
of the state needs to acknowledge the growing “deteriorization” of
economic and political relationships at the turn of the twenty-first
century. To accomplish this, he deploys the concept of the “transnational
state” (TNS) as the embryonic political form of economic globalization.
Robinson bases this conceptual intervention on a theoretical claim for
“a ‘deteriorization’ of the relationship of capital to the state,” and
the “revolution” in social relations, that is, a process not
mediated by fixed geo-political dynamics. This is a bold claim indeed.
It suggests that we have arrived at a point where Marx’s theory of
capital now corresponds to reality. Alternatively, it reaffirms the claims
made by the agents of capital that globalization is here to stay and
there is no alternative. It is these implications that I wish to address in
this comment.

While I support Robinson’s position that social science is infected with an
unhealthy dualism in state/market, and global/national terms, I
question the way in which he advocates his position. Although he
argues for a revival of a historical materialist conception of the state,
the methodology employed tends toward an abstract formalism.
The absence of a historical theory of capitalism is expressed in his
unproblematic conception of globalization. Robinson views globalization
as the “near culmination” of a process of capitalist expansion at the
expense of “all pre-capitalist relations around the globe.” The
provocative title here suspends the dialectic. This conception of globalization
lacks contradiction and suppresses the fact that globalization is