

To Be Or Not To Be: The Nation Centric World Order Under Globalization

By Jerry Harris

The major dialectic in the present period is the contradiction between the nation/state system and the transnational world order. This conflict between nationalism and globalization contains the main economic, political and social divisions in today's world. It is manifested in both internal class conflicts and as a struggle between classes. Underneath this dialectic there are further contradictions within nationalism and within globalization. But to interpret the deep structural moment of today one must grasp the central transformation around which all else revolves, the universalization of capitalism to a globalized system of accumulation based on a revolutionary transformation of the means of production.

Most schools of thought, whether Marxists or mainstream, still define the international system as one centered around nation/state competition based on the struggle for supremacy among groupings of nationally identified monopoly capital. The state represents these interests on the international stage and seeks security or hegemony as the ultimate guarantor of a strong nationally based economy. This interpretation of global capital, as an extension of industrial era imperialism, seeks to identify a single national hegemonic power. Within this analytical context only the United States qualifies as the dominant superpower.

But this analysis, empirically supported by the policies of the Bush regime, fails to place the US within the existing economic structures of global capitalism and the emergence of a transnational capitalist class. Today's dominant form of accumulation is based on transnationalized production and finance, global labor stratification, and the emergent transnational capitalist class and transnationalized state. This is no longer predominantly a world in which national monopolies compete for international markets with states fielding armies to capture territory and resources. Yet the political and economic interests that are connected to the old state system, its international structure of accumulation and the labor relations it produced still struggle to shape the new order more fully in their own image.

It is the clash of the old and new forms of accumulation and their subsequent organization of the international system where the heart of the dialectic resides. The transnational system is characterized by cross border mergers and acquisitions, foreign direct investment, cross border flows of capital, global production chains, foreign affiliates, outsourcing labor, multilateral trade agreements, the creation of a common global regulatory structure for finance, trade and investment, and using the state to rearrange national structures to serve the global economy. The nation centric international system is based on guarding the home market for national capital, competing over world markets through exports, state directed and protected economic development, expanding the national job base while incorporating large sectors of the working class into a social contract, and using the state to advance the position of national monopolies and their access to international resources and markets.

These two forms of accumulation clash on many fronts with class interests played out in various combinations. Because this is a transitional period social actors often have economic and political interests in both forms of accumulation and vacillate between the two.

To fully capture the structural moment both sides of the contradiction, the national and global, must be analyzed as a connected transformational process. Nation centric forms still exist in all social, political and economic arenas, and they have a particularly strong hold ideologically, within popular consciousness and in concepts of how the world functions. There are also real existing material benefits connected to the remnants of the old system in all classes throughout society. But all this is under unending attack and change from the new form of accumulation that creates its own alternate relationships, benefits and concepts. This period of transitional instability constitutes the basis of struggle and conflict in the world today, creating a situation of disequilibrium between the descending and ascending forms of accumulation.

As cities, regions and countries transform their structures to insert their economies and social institutions into patterns of global production contradictions between the national and transnational erupt. Most often this process is viewed from a national perspective, as if new policies are forced upon actors incased in a national cocoon reacting to outside forces such as China stealing jobs or immigrants flooding across the border.

But the outside is inside. There is no real separation, the process is interconnected and driven by a national remolding to the new transnational economy. True, the emerging relationships are mediated by local conditions, the political balance of forces and previously existing structures. But the real push for change comes from the transnational capitalist class inside the national structure not just outside pressure forcing its will on the nation.

Therefore we can no longer study national conditions without their interconnectness to the transnational. Each nation is at a different stage of transformation, each facing a host of particular issues. Previously existing unequal relationships between the North and South, the size and strength of different classes, the particularities of national institutions, the level of social subsidies, economic infrastructure and political legacy create an array of different responses. All of the historic relationships that were born within each nation/state help codetermine the emerging dialectic. Only by recognizing this uneven development can we begin to understand the specific ways globalization is emerging.

Eventually a structural synthesis will emerge that will lead to the relative institutional stability of a new era. The last structural synthesis produced the institutions of industrial capitalism and the Fordist model of accumulation that arose in opposition to the remnants of the landed gentry and mercantile capitalism. That era was punctuated by many major upheavals. Imperialist rivalries, World War I and II, the Soviet and Chinese revolutions, wars of national liberation and the Great Depression, but all of these reflected contradictions *within* the industrial capitalist framework. Even the socialist alternative was conceived within the structural limitations of industrialism and the existing international market.

But the transnational era emerging today is a structural shift in the forms of accumulation and social organization that undermine the Fordist model and do away with the decisive role played by the electro/mechanical technology of the industrial era. While capitalism has always been an expansionary system the digital/information revolution is the current framework through which this logic unfolds. The embedding of microprocessors in the tools of production and communication has allowed capitalism to reorganize itself on a qualitatively more integrated level. The entire global financial network, the world spanning command and control system of production and the communication and delivery of hegemonic cultural values are all accomplished with the digital/informational transformation of technology.

The reorganization of space beyond national borders for labor, capital and culture is fundamentally shaped by this revolution in the means of production. These changes naturally affect and redefine the role of the state. How people work, how commodities are produced and the forms that power can be expressed have forever changed from the industrial era. The underlying logic of corporate competition, accumulation and expansion has not.

It is no longer a question of simply returning to the old international system structured around nation/state competition. The fundamental changes in the organizational capacities of capitalism means any emerging order, even one in which nation centric forces reassert control over the transformational process, will be a synthesis containing powerful elements of globalization. As Marx noted, people may make history, but not as they wish. Even with the rise of unilateralism and protectionism it's hard to image the disappearance of global assembly lines, cross border mergers and world financial markets.

There has also been significant internal weakness' within the transnational process. The Asian crisis in 1997 followed by serious problems in Russia, Brazil, Argentina and Turkey as well as the stock market crash in 2001 help lead to a resurgence of geopolitical realist influence. Many of the neoliberal corporate heroes lauded in the 1990's turned into corporate criminals by 2002. Given these difficulties a temporary retreat from globalization is not surprising nor is the more assertive rise of Third World globalists lead by Brazil, India and China. Therefore the developing synthesis begins to look like two steps forward one step back as transnational forces slow, consolidate, expand and move towards another historic advance. This is similar to other historic periods, for example, the development of European capitalism between the French Revolution and the upheavals of 1848. Bravado and compromise, half victories and vacillations are to be found in every camp.

This contradictory process, so clearly a unity of opposites, necessitates an analytical approach that understands the structural moment as a complex struggle between two forms of capitalist accumulation and the class alliances and interests formed around these competing world systems. Globalization has not entered a period of relative stability and equilibrium nor is the main contradiction between U.S. imperialism and everyone else. Globalist's economic, political and social forces remain strong inside U.S. society, as do

nationalist forces in Europe and Asia. These splits are not based on the conservative /social democratic divisions of old. The globalist political and economic thrust is driven by a transnationalized capitalist bloc organized around its own logic and consciousness. Although there exists important internal divisions within globalism, the nationalist challenge poises the greatest danger. In fact, the very nature of nationalist politics has changed from nation/state competition to confronting the globalist structure of accumulation, organization and social impact.

Keeping this analysis in mind we can examine some of the most important current developments as reflections of the deeper structural relationships. It's logical that the greatest challenge to the transnational capitalist class would take form in the state of the world's most powerful nation. The U.S. war in Iraq is a prime example of this dialectic. The Bush administration has clearly upset the political development and direction of globalization. The regime's articulation of a unilateral and hegemonic project is proclaimed proudly in the most undiluted expression of superpower hubris since fascist Germany. But rather than gathering in a string of conservative camp followers nearly every neo-liberal conservative government in the world refused to follow the U.S. lead. France, Russia, Canada, China, Mexico and Turkey (as well as social democratic Germany) are all deeply committed globalists regimes. They not only opposed the war but the nationalist arrogance of Washington. Tailing the superpower parade were the social democratic governments of Britain and Poland and the conservatives of Spain.

It was this new split between hegemonic nationalism and multilateral globalism that overrode the conservative and social-democratic divisions of the past. The world capitalist class is now divided between those who support US domination of the old international system, and those linked to the new transnational mode of accumulation. This includes splits within the US capitalist class itself. In fact, the old definitions of left and right have largely disappeared or altered within the transnational capitalist bloc. Instead the political terrain has changed creating new alliances and divisions that focus on the nature and structure of the world system.

The military/industrial complex is the political and economic base for the current administration's hegemonic policies. The defense industry is the most protected and state sponsored industrial grouping in the US. Unlike transnationalized sectors like finance, information technology and auto, the

arms industry has the majority of its production, assets and employment inside the US entering international markets mainly through exports rather than foreign affiliates. The patriotic culture and ideology of the military also provides a rich environment for nationalist politics. (Harris)

But we must be cautious not to view the military/industrial complex as one consolidated bloc, it too is divided between globalist and nationalist wings. The presidential campaign of General Wesley Clark clearly reflected this conflict as he emerged as a representative of the globalist military sector and their alliance with broader political and economic forces inside and outside the US. This sector argues that a balance between political, cultural, economic and military power builds a more secure environment for global capitalism and necessitates peacekeeping and nation building. These policies are best carried out through multilateral coordination and structures, and they specifically criticize a unilateral hegemonic policy as dangerous, costly and arrogant. (Harris, 2)

One example of this internal military split was the closure of the Peacekeeping Institute at the Army's War College shortly after Donald Rumsfeld's ascension to Secretary of Defense. The Institute was the government's only agency that studied peacekeeping operations and nation building in post-conflict situations. Nationalists rejected globalist nation building efforts as wasteful distractions from the military's fundamental function of fighting and winning wars. An important practical result of this has been the failure of the Bush administration to rebuild a secure Iraq. Their rejection of nation building left the Bush hegemonists unprepared and unable to understand the difficulties they would face. Clark, as well as other military globalists, have consistently called for a common international effort based in multilateral institutions. In fact, Clark lays much of the failure in the Middle East on the political and economic influence of the military-industrial complex that by its very nature sees peacekeeping as unprofitable. (Clark)

The nationalist approach of the Bush regime has carried over to economic areas as well. Protectionist rhetoric and policy have grown while focus on global institutions has waned. The failure of the WTO at Cancun and FTAA at Miami seem like minor policy slips compared to the attention such meetings received under President Clinton. During the former administration the most important governmental department was the Treasury with Robert Rubin and Lawrence Summers the stars of the global economy. Now it's the

Pentagon, Donald Rumsfeld and Paul Wolfowitz who occupy stage center. Instead of showing any great concern over multilateral trade failures the U.S. has turned to bilateral agreements. As author William Finnegan notes; “the U.S. has recently violated W.T.O. trade rules so consistently that the organizations top officials have likened American trade unilateralism to Bush’s policy toward Iraq.” (Harpers, p. 49)

These divisions within the capitalist class over economic nationalism have also become more pronounced in the US relationship with China. When the Bush administration put pressure on China to increase the value of their currency as a method to balance U.S. trade deficits it ran into a barrage of criticism at home and abroad. Even Horst Kohler, managing director of the International Monetary Fund, refused to back U.S. Treasury Department attacks on China. In fact, with China holding the second largest amount of dollar reserves in the world they have chosen to prop-up the U.S. economy by buying billions in U.S. bonds. In turn, this allows U.S. interest rates to stay low, increases consumer consumption of Chinese goods, encourages investment and supports stock prices--all economic factors US globalists have been quick to point out.

When the White House put tariffs on Chinese goods the move was met with the same anger as their attempted financial attacks. China has become the largest recipient of foreign direct investment and the world’s third largest trader. Cheap labor has also turned China into one of the world’s largest manufacturers with transnational firms accounting for 29% of their output and 50% of their exports. These joint ventures and investments include just about every transnational corporation in the U.S. Writing for the Bank Credit Analyst Research Group, Francis Scotland worried that; “The main risk in the global outlook is the apparent failure of the US administration to understand the bigger picture...A retreat into protectionist-type policies of the sort being discussed in Washington would do irreparable damage to the global economy.” (Scotland)

Former Reagan trade negotiator Clyde Prestowitz drew ironic attention to the dramatic reversal of roles between China and the U.S. writing “China is winning the ‘strategic competition’ as a good global citizen, while America is a candidate for the ‘rouge nation’ label.” (Prestowitz)

These globalist/nationalist divisions over economic policy can also be found in important areas affecting the working class. With the rapid growth of

global production chains both offshoring and immigration has created divisions within the working class reflecting the antagonism between nationalist and globalist accumulation models. Just as Fredrick Taylor broke down the labor process into specialized tasks on Henry Ford's assembly line, today the labor process is being coordinated and structured on a global scale creating new forms of labor stratification. For many workers throughout the world their economic position and struggle is defined by these new relations of production. The integration of the world labor market doesn't just mean mobile capital but also mobile workers. The \$38 billion sent home to Latin America from workers abroad is now greater than the total foreign direct investment and official aid combined. Some 50 million people in Latin America are supported by remittances that amount to 50-80 percent of their average income. (Lapper)

The new global organization of labor was a hot political issue in the US presidential race and also appeared in Europe as lower cost eastern European nations joined the EU. Furthermore, these tensions have increased the appeal of reactionary nationalist movements, and appear within the global justice movement as activists struggle between international labor solidarity and fighting job loss at home. Can working class movements develop a political strategy that defends the right to jobs for Chinese and Mexican workers while defending jobs in the US and Europe? This is a key task in building an alternative social vision and radical movement. The left must define a clear road between nationalism and capitalist globalization, and any such strategy must have a clear grasp between transnational and national modes of accumulation to articulate distinct working class interests.

On political matters Douglass Daft, former chairman and chief executive of Coca-Cola, writing with Niall Fitzgerald, co-chairman of Unilever, appealed to the transnational business community "to prevent current US-European diplomatic tensions spilling over into the economic sphere." As they point out: "Thanks to continuing levels of transatlantic foreign direct investment, most large companies can no longer be categorized as 'US' or 'European' companies but rather as 'transatlantic companies.'" (Daft and Fitzgerald) Yet Daft and Fitzgerald's fail to offer a clear political alternative relying instead on old globalist's economic solutions such as eliminating barriers to direct investment and increasing the flow of goods and services. The real problem facing the transnational capitalist class is pushing forward their political project. This is the heart of their troubles when confronting nation/centric institutional power. Structural economic change will not by itself defeat the

nationalist hegemonic agenda. The emergence of a transnational state now taking form in global institutions such as the World Trade Organization and within national states as they transform to help structure transnational relations remains only partially articulated. The economic vision is strong but its political voice often struggles to be heard.

One articulate voice for the transnational capitalist class is Martin Wolf, chief economic commentator for the Financial Times. In his recent book he contends the biggest obstacle to global prosperity is “not global economic integration or transnational companies, as critics allege, but the multiplicity of independent sovereigns. It is not just the failure of states, but their existence, that creates the problems we now confront.” Wolf’s solution is a “powerful mechanism...for jurisdictional integration” that ultimately should take the form of a “world-country” or “global federation with equal voting rights for all.” (Wolf) Few globalists are so clear and militant in their anti-nationalist politics or bold in their political vision.

Perhaps the clearest new political agenda to appear is the formation of Third World globalists into the G-20 under the leadership of Brazil, India and South Africa. Demanding a more equal political arrangement in the WTO and other world bodies they put forward a post-Keynesian vision of globalization that seeks to balance growth with social investments. Their vision for national development is not a rehash of the 1960s strategy of import substitution and state backed industrialization, but one of full and equal integration into the global economy but with a cautious approach to privatization and capital mobility. This effort to balance the national economy within the context of global accumulation has been dubbed the “Beijing Consensus” by Joshua C. Ramo. Ramo argues the explosive rise of China with its rejection of important aspects of the Washington Consensus is providing an alternative globalizing strategy gaining popularity with developing countries. This represents both a struggle within the transnational capitalist class as well as between Third World globalists and Western national capitalists. (Ramo)

Conclusion

Battered by Bush and their own past failures some transnationalists are growing less sure of the inexorability of globalization. Jeffrey Garten, dean of Yale management school laments that “It is almost as if globalization has moved into neutral gear.” (Guy de Jonquieres) But neutral gear is never a

real choice for capitalism; expansion or decline is the rule. The main question for capitalism in the present moment is which international system of accumulation will win out? It is a dialectic not only being played out between nations, but primarily between different blocs of capitalists that span national territories. As shown by the above examples, US globalists are part of the transnational capitalist class bloc. As senior economist for Morgan Stanley, Stephen Roach, states, “The confluence of history, geopolitics, and economics leaves me more convinced than ever that a US-centric world is on an unsustainable path.” (Roach) Such a deeply rooted perspective shows that the most insightful globalists fully understand the depth and historic significance of the struggle they face.

It is the many structural changes already fully present in the transnational accumulation model that makes a US-centric world unsustainable. This sets the stage for world politics today. But it is important to remember that opposition to nationalism is much broader than the transnational capitalist class. Millions throughout the world are fighting for global justice and an international order based on solidarity. It is also important to remember that nationalism is a powerful force throughout the world with many reactionary manifestations. All of these political and social forces are tied to a unity of opposites. They exist in relationship to each other and their expressions are determined by this relationship. The struggle is a complex process of transformation and the balance of forces change even as they act and react.

Like Hamlet’s ghostly father, nationalism still stalks the castle’s ramparts of the new globalist order, haunting the would be rulers and motivating their opposition. Will the old international system of national competition reassert itself with modified transnational aspects, or will the transnational capitalist class establish a stable political project around its new forms of accumulation? Can the global justice movement create an alternative that will mobilize millions to build a better world, or will the world sink into nationalist and reactionary forms of violence? These are the main questions that confront us today. This is the dialectic of our time.

Bibliography

Finnegan, William. “The Economics of Empire.” *Harpers Magazine*, Vol. 306, No. 1836. May 2003. Pages 41 – 52.

Clark, Wesley. "Iraq: What Went Wrong." New York Review of Book. Vol. 50, No. 16. Oct. 23, 2003.

Harris, Jerry. "The Conflict for Power in Transnational Class Theory." Science & Society, Vol. 67, No. 3. Fall 2003. Pages 329 – 339.

Harris, Jerry. "The U.S. Military in the Era of Globalization." Race and Class, Vol. 44, No. 2. Oct-Dec. 2002. Pages 1 – 22.

Jonquieres, Guy de. "Spring-like Davos optimism at risk in cold light of day." Financial Times, 1-15-04. Page 14.

Lapper, Richard. "Latin Americas scale summit of the remittance league." Financial Times, 3-26-04. Page 2.

Prestowitz, Clyde. "The role reversal of Washington and Beijing." Financial Times, 12-8-03. Page 13.

Scotland, Francis, "Why China should not revalue." Financial Times, 10-3-03. Page 13.

Ramo, Joshua Cooper. "China has discovered its own economic consensus." Financial Times, 5-7-04. Page 13.

Roach, Stephan. "Worldthink, Disequilibrium, and the Dollar." Morgan Stanley Global Economic Forum, May 12, 2003.

Wolf, Martin. "We need more globalisation – but we will only get it if we have better states." Financial Times, 5-10-04. Page 11.

Jerry Harris, Professor of History
DeVry University, Chicago
3300 N. Campbell, Chicago, IL.
60618
gharris234@comcast.net