

The Pitfalls of Realist Analysis of Global Capitalism: A Critique of Ellen Meiksins Wood's *Empire of Capital*

William I. Robinson

Sociology, Global and International Studies, Latin American and Iberian Studies,
University of California-Santa Barbara
wirobins@soc.uscb.edu

Abstract

The dynamics of the emerging transnational stage in world capitalism cannot be understood through the blinkers of nation-state-centric thinking. In her study *Empire of Capital*, Ellen Meiksins Wood exhibits the reification and outdated nation-state-centric thinking that plagues much recent work on world capitalism and US intervention, expressed in the confusing notion of a 'new imperialism'. The overarching problems in Wood's study – and, by extension, in much of the 'new-imperialism' literature – is a reified notion of imperialism, a refusal to draw out the analytical, theoretical, methodological, and epistemological implications of capitalist globalisation, and an incessant reification of the state. Instead of a 'new US empire', the current epoch is best understood as a new transnational phase in the ongoing evolution of world capitalism, characterised in particular by the rise of truly transnational capital, globalised circuits of accumulation, and transnational state apparatuses. 'US imperialism' refers to the use by transnational élites of the US state apparatus to continue to attempt to expand, defend and stabilise the global capitalist system. US militarisation and intervention are best understood as a response to the intractable contradictions of global capitalism.

Keywords

globalisation, transnational, global capitalism, imperialism, US hegemony, US intervention, realism, nation state

Ellen Meiksins Wood sets out in *Empire of Capital* to place Iraq and other recent US military campaigns in the context of a broader historical analysis and theorisation of imperialism. This is a lofty intellectual, not to mention politically vital, undertaking. The essay is full of timely analysis, valuable insights and engaging commentary. While I do not want to negate these contributions, the work, in my view, is ultimately a disappointment. Although I agree with much of what Wood has to say, I wish to focus in this critical review on what I see as several overarching problems that work against what she sets out to accomplish. One of these problems is her demarcation between

capitalist and non-capitalist imperialism in the modern era. Second is her longstanding and dogmatic refusal to take seriously the concept of globalisation. Third, and closely related, is her insistence on analysing current global dynamics from a nation-state-centric framework and an incessant reification of the state.

Non-capitalist imperialism in the modern era?

The principal goal Wood sets out to achieve is to ‘bring into relief the specificity of capitalist imperialism’ in distinction to earlier forms. For Wood, what makes capitalist imperialism specifically capitalist is ‘the predominance of economic, as distinct from direct “extra-economic” – political, military, judicial – coercion’.¹ By itself, this proposition is logically coherent insofar as market coercion reproduces through its ‘normal’ functioning the class relations of economic exploitation, once primitive accumulation has separated producers from the means of production. The problem is that the ‘normal’ functioning of the market is hardly normal to capitalism. All class relations of exploitation are ultimately backed up by direct coercion and any conception of imperialism cannot dispense with coercion as immanent to the concept itself. Wood is aware of this: ‘Capitalist imperialism even in its most mature form’ – she notes – ‘requires extra-economic support. Extra economic force is clearly essential to the maintenance of economic coercion itself’.²

But, on closer inspection, the argument that twenty-first-century ‘capitalist imperialism’ is defined by its economic compulsion flies in the face of Wood’s looming object of inquiry – the ‘new imperialism’ and the US-led ‘war without end’. Is Wood arguing that the coercive practices of recent capitalist imperialism are intended to shore up strictly economic compulsory mechanisms, whereas, in previous eras in modern world history, imperialism involved the naked, forcible appropriation of wealth or coercive organisation of social and economic processes? If force is required on an ongoing basis to reproduce market relations then clearly it is not external to capitalism. What then can we make of a theoretical construct in which the contrast and dichotomisation of economic and extra-economic coercion becomes the basis upon which we are to draw a definitional distinction between non-capitalist and capitalist imperialism? If the coercion of the market rests on direct force, as it does, then the analytical bases for Wood’s demarcation between capitalist and non-capitalist imperialism becomes all the more dubious.

1. Wood 2003, p. 4.

2. *Ibid.*

The notion of capitalist imperialism as a moment that only appears in the late twentieth century is problematic. On the one hand, Wood notes that imperialism is rooted in the more general logic of the capitalist system and ‘its complex of contradictory relations between economic and political/military power’;³ on the other hand, she claims that ‘this imperialism [the “new imperialism”], which emerged only in the twentieth century, or even only after World War II, belongs to a capitalist world’.⁴ In order to sustain the proposition of a demarcation between capitalist and non-capitalist imperialism in the modern era, and to define the two on the basis of extra-economic and economic coercion, Wood must draw a rigid demarcation between capitalist and non-capitalist institutions that I do not believe actually exists in modern world history.

Wood does not engage here the long-standing debates on the transition to capitalism, even though they have a direct bearing on our understanding of imperialism and would seem essential to the proposition of a capitalist and a non-/precapitalist imperialism in the modern era. If capitalism is singularly defined, as it is for Wood, as a production relation that only fully emerged in the English countryside over the past two centuries and spread subsequently to other regions, then, by definition, capitalist imperialism is a recent phenomenon. But, if it is a broader system whose genesis took place earlier in conquest, pillage, and militarised commerce, and in which the transformation of the English countryside was more of a culminating moment than an initial transition, then modern world imperialism is certainly an imperialism of the capitalist system, spanning the whole modern epoch of conquest and colonialism.

This rigid demarcation leads to the fantastic argument that British colonisation of India was not a capitalist enterprise, or not strictly capitalist imperialism, since it relied on ‘non capitalist extra-economic exploitation in the form of tax and tribute’.⁵ But was this ‘tax and tribute’ not internally related to the development of capitalism in the metropolitan centres, or more broadly, to the development of world capitalism? The construct collapses into a capitalist/non-capitalist dualism parallel to the economic/extra-economic dualism. As in all such dualist constructs, things that are internally (dialectically) related are made external to each other. Just as extra-economic coercion is internal to economic compulsion under capitalism, so too such ‘non-capitalist’ forms of appropriating wealth as ‘tax and tribute’ in the British colonies

3. Wood 2003, p. x.

4. Wood 2003, p. 151.

5. Wood 2003, p. 111.

were internal to the development of world capitalism. Wood does acknowledge that, in some way, slavery and colonialism contributed to the rise of capitalism in Europe. Nonetheless, the logical basis of Wood's construct leads to the conclusion that the entire sweep of imperial history from the symbolic date of 1492, through the conquest of the Americas, the slave trade, the colonisation of Africa and India, the creation of the Third World and so forth, constitutes some form of precapitalist imperialism rather than historical processes that themselves gave birth to world capitalism.

The way out of the antinomies of these capitalist/non-capitalist and economic/extra-economic dualist constructs is to see capitalist dynamics at the core of a more encompassing world-capitalist system that has involved the articulation of numerous modes of production and forms of social organisation over the past five centuries. Imperialism from 1492 into the post-World-War-II period is better seen as the long historic sweep of a capitalist imperialism, defined as the transfer of wealth from one region to another along with the military, political, cultural and ideological mechanisms that facilitate and assure such a transfer, in function of capitalist development.

But what about Wood's argument, with which I agree, that capitalism had, by the late twentieth century, become a universal social/class relation? 'We have yet to see a systematic theory of imperialism designed for a world in which all international relations are internal to capitalism and governed by capitalist imperatives', asserts Wood, rightly in my view. 'That, at least in part, is because a world of more or less universal capitalism, in which capitalist imperatives are a universal instrument of imperial domination, is a very recent development'.⁶ Might such a 'universalisation' of capitalism involve something qualitatively new in the world capitalist system that could explain some of the developments associated with what Wood refers to as exclusively late-twentieth/early twenty-first-century imperialism? It is here that the pitfalls of Wood's conception of capitalist imperialism become apparent. Let me now turn to the core of my difference with her: the matter of globalisation.

Nation-state capitalism and global capitalism

As in her other recent works, Wood in *Empire of Capital* does not give any theoretical treatment or attribute any importance to the concept of globalisation. She places the term 'globalisation' in quotation marks throughout her essay. More specifically, she collapses the concept into her own definition

6. Wood 2003, p. 127.

of capitalist imperialism, stating that the term ‘globalisation’ is synonymous with her concept of capitalist imperialism.

Wood puts forward as a key tenet of her thesis the continued existence and causal centrality of national capitals. The global capitalist system, for Wood, is characterised by discrete national economies, national capitals, and national circuits of accumulation connected through an international (not fully integrated) market, that is, by trade and financial flows. Asserting that ‘the national organization of capitalist economies has remained stubbornly persistent’,⁷ she repeatedly refers to ‘US’ capital, to other competing national capitals, and to economic competition among core nation-state rivals. Over and over again, we find this insistence on the existence of ‘US’ capital and its defence as the driving force in the ‘new imperialism’. We are told that globalisation represents the continuation of a *US* effort to expand, not markets more generally for transnational capital, but ‘*its own* markets’,⁸ and that globalisation is all about ‘changing the specific rules of the world economy . . . in keeping with the changing needs of *US* capital’ (my emphasis).⁹ ‘The purpose of military power shifted decisively away from the relatively well defined goals of imperial expansion and interimperialist rivalry to the open-ended objective of policing the world in the interest of (*US*) capital’ (parenthesis around ‘US’ is in original, but emphasis mine).¹⁰ US foreign policy is an effort on the part of Washington to shore up ‘*its own domestic capital*’ (my emphasis),¹¹ to ‘compel other economies to serve the interests of the imperial hegemony in response to the fluctuating needs of its own domestic capital’,¹² and so on and so forth.

We are expected here to assume, as Wood does, without providing one shred of empirical evidence, that capital remains organised, as it was in earlier moments of the world capitalist system, along national lines and that the development of capital has stopped frozen in its nation-state form. Yet this insistence on a twenty-first-century world of national capitals flies in the face of all the empirical evidence we have of the transnationalisation of capital. The actual evidence strongly suggests that the giant conglomerates of the Fortune 500 ceased to be ‘US’ corporations in the latter part of the twentieth century and increasingly represented transnational capitalist groups.¹³ Indeed,

7. Wood 2003, p. 23.

8. Wood 2003, p. 132.

9. *Ibid.*

10. Wood 2003, p. 129.

11. Wood 2003, p. 133.

12. Wood 2003, p. 134.

13. See, for example, a summary of this evidence in Robinson 2004a.

one is hard pressed to understand what Wood is referring to by ‘US’ capital. That the global capital conglomerates that dominate the world economy represent distinct national capitalist groups is something that must be demonstrated, not assumed. Wood’s essay is entirely void of any empirical evidence to support its proposition that what predominates in the world is not transnational but ‘US’ and other national capitals. We have entered a world, according to Wood, of ‘universal capitalism’ (a proposition with which I agree), yet, at the same time, we are to suppose that this universal capitalism remains organised as national capitals in competition with one another.

On what basis does Wood reject the notion of the transnationalisation of capital? First, she says, ‘the most elementary point is that so-called “transnational” corporations generally have a base, together with dominant shareholders and boards, in single nation states and depend on them in many fundamental ways’.¹⁴ Yet she presents no evidence for this assertion. The mounting body of evidence actually does suggest the process of the transnationalisation of share ownership, of boards of directors, and so on, is well underway.¹⁵

Second, says Wood, the globalisation thesis is off the mark because markets are not necessarily more integrated than in earlier moments of the world economy. In fact, the data does show, contrary to Wood, that global trade integration is considerably greater in the twenty-first century than at any previous time. But this is largely a straw-man argument (the first of several such straw-men) because the globalisation thesis is not particularly concerned with the quantitative increase in trans-border trade but rather with what is qualitatively different in the world economy in the current epoch. Earlier integration was through ‘arms-length’ trade in goods and services between nationally based production systems. In that period, national capitalist classes organised national production and service chains and produced commodities within their own borders that they then traded for commodities produced in other countries. It is in contrast to the transnationalisation of the production of goods and services. Suffice it to note that up to two-thirds of world trade by the turn of the twenty-first century was not arm’s length trade but intra-firm trade. Such intra-firm trade, far from the arm’s length transactions in an international market between discrete nation-state-based economic agents that characterised pre-globalisation world trade, is itself but a commercial expression of the rise of a globally integrated production system.

Marxist analyses of globalisation are less concerned with trade flows, as Wood suggests, than with transnationalised circuits of production, accumulation,

14. Wood 2003, p. 135.

15. Robinson 2004a.

and finance. The transnationalisation of capital in the late twentieth and early twenty-first centuries is qualitatively different from internationalisation processes of the early twentieth century, in that it involves not merely the geographical extension of economic activity across national boundaries (a phenomenon that may be consistent with Wood's thesis) but also the functional integration of such internationally dispersed activities. The globalisation of production has entailed the fragmentation and decentralisation of complex production chains and the worldwide dispersal and functional integration of the different segments in these chains. The formula for the circuit of capital, *M-C-P-C'-M'*, representing accumulation, has transnationalised. In the earlier period, the first part of this circuit, *M-C-P-C'*, took place in national economies. Commodities were sold on the international market, and profits returned home, where the cycle was repeated. Under globalisation, *P* is increasingly globally decentralised, and so too is the entire first part of the circuit, *M-C-P*. Globally produced goods and services are marketed worldwide. Profits are dispersed worldwide through the global financial system that has emerged since the 1980s and which is qualitatively different from the international financial flows of the earlier period. This transnationalisation of production involves not merely the spread of transnational corporate activities, but the restructuring, fragmentation, and worldwide decentralisation of the production process. Global capitalism is, therefore, not a collection of 'national' economies. It is not, as Wood insists, made up of discrete national economies, national capitals, and national circuits of accumulation connected through a (not fully integrated) international market.

The restructuring crisis that began in the 1970s signalled the transition to a new transnational stage of world capitalism, in which truly transnational capital has emerged through globally integrated production and financial circuits made possible by information technology and organisational innovations in capitalist production, and that have modified how value is created, circulated, and appropriated.¹⁶ Transnationally-oriented capitalists in each country shift their sights from national markets to global markets. These circuits are global in character, in that accumulation is embedded in global markets, involves global enterprise organisation and sets of global capital-labour relations, especially deregulated and casualised labour pools worldwide. Competition dictates that firms must establish global as opposed to national or regional markets. Each 'national' economy has experienced over the past several decades a re-articulation through globalisation that has affected capital, labour, and the state in all their dimensions and is linked to global circuits of accumulation,

16. My arguments on globalisation are contained in Robinson 2003, 2004a, 2004b.

not the national economy of the US or any other particular country (or sets of national economies in competition).

The picture Wood paints of discrete national economies and national capitals in a not-fully integrated market is what I term a world economy, put in place during the formative centuries of the world capitalist system. In this world economy, each country developed a national economy and the different national economies were linked to each other through trade and finance in an integrated international market. Different national economies and modes of production were 'articulated' within a broader social formation. Nation-states mediated the boundaries between a world of different national economies and articulated modes of production. In the new transnational phase of the capitalist system, we are moving from a world economy to a global economy, in which the increasing globalisation of the production process itself breaks down and functionally integrates national circuits into expanding global circuits of accumulation.

Yet this unprecedented fragmentation and decentralisation of production processes has involved as its flip side the unprecedented concentration and centralisation of worldwide economic management, control, and decision-making power in transnational capital and its agents. There is a new transnational bourgeoisie or transnational capitalist class (TCC), a fraction of capital grounded in global markets and circuits of accumulation over national markets and circuits. This TCC is comprised of the owners of transnational capital, that is, the group that owns the leading worldwide means of production as embodied principally in the transnational corporations and private financial institutions. This class fraction is transnational because it is tied to globalised circuits of production, marketing, and finances unbound from particular national territories and identities, and because its interests lie in global over local or national accumulation. The TCC therefore can be located in the global class structure by its ownership and/or control of transnational capital.

This does not mean, as Wood would suggest in her rejection of the globalisation thesis, that there are no longer local, national, and regional capitals, or that the TCC is internally unified, free of conflict, and consistently acts as a coherent political actor. We can study the relationships among these different capitals and between them and transnational capital. Such relationships may be contradictory and conflictive. Nonetheless, the TCC has established itself as a class group without a national identity and in competition with locally or nationally-based capitals. What distinguishes the TCC from national or local capitalists is that it is involved in globalised production and manages globalised 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, and a set of class interests distinct from local and national capitalists.

Transnationally-oriented fractions achieved hegemony over local and national fractions of capital in the 1980s and 1990s in most countries of the world. They captured a majority of national state apparatuses (or key branches within those states), and set out to advance their project of capitalist globalisation and to achieve a transnational hegemony. Transnational capital constitutes the ‘commanding heights’ of the global economy and has become the hegemonic fraction of capital on a world scale. Globalisation creates new forms of transnational class alliances across borders and new forms of class cleavages globally and within countries, regions, cities, and local communities, in ways quite distinct from the old national class structures and international class conflicts and alliances that frame Wood’s analysis.

Wood points out that labour still remains subject to national borders and distinct national jurisdictions, an observation with which I concur. In my view, the continued existence of the nation-state becomes functional to global capitalist accumulation and to the power of transnational capital over popular classes worldwide. But there is nothing in this observation that justifies the conclusion that the world is still characterised by national capitals in competition, rather than the conclusion that a fragmentation of formal political authority is functional to global capital accumulation. In fact, I believe there have been major changes in the nature of state power, class relations, and domination in the epoch of globalisation, as I will allude to below. But, even when we acknowledge the particular political structure of a nation-state-based world order in which economic globalisation has unfolded, there is no logical reason to conclude, on this basis alone, as Wood does, that capital therefore still remains national capital. The one does not flow from the other.

The national state, for Wood, is more important than ever before, and hence ‘popular struggles for truly democratic states, for a transformation in the balance of class forces in the state, with international solidarity among such democratic national struggles, might present a greater challenge to imperial power than ever before’.¹⁷ While no one in their right mind is suggesting that popular forces should abandon struggles for local (national) state power, the fact is that capitalist globalisation in recent years has altered the global balance of class and social forces away from popular and working classes and towards transnational capital and its allies and agents.¹⁸ The globalisation of the circuit of capital and concomitant processes unfolding under the global economy redefine the phase of distribution in the accumulation of capital in relation to nation-states. Specifically, the circulation of capital tends to become de-linked from production and removed more directly from nation-state-based political

17. Wood 2003, p. 155.

18. For my full argument, see Robinson 2003, 2004a, 2004b.

and institutional control relative to earlier epochs.¹⁹ This ‘liberation’, by helping to free emergent transnational capital from the compromises and commitments placed on it by working and popular classes in the nation-state phase of capitalism, dramatically altered in the late twentieth century the balance of forces among classes and social groups in each nation of the world and at a global level towards emergent transnational capitalist groups. This was expressed as the enhanced structural power of transnational capital over the direct power of nation-states and nationally-based popular classes in the momentary historical juncture of the late twentieth and early twenty-first centuries, as such popular and revolutionary forces in Cuba, Brazil, Venezuela, and elsewhere discovered. This does not mean that we should abandon struggles for local state power. Rather, we need more than ever to link these to transnational popular struggles, political strategies, and transformative projects, well beyond the ‘international solidarity among democratic national struggles’ that Wood calls for.

The state and globalisation

Wood’s thesis on the ‘new imperialism’, we have seen, rests on the notions of a demarcation between non-capitalist and capitalist imperialism, and of a world of discrete national economies and competing national capitals. Yet a third plank in her thesis is the immanence of the nation-state as the political form of capitalism and the centrality of this particular political structure to capitalist imperialism. ‘The state is more essential than ever to capital, even, or especially, in its global form’,²⁰ asserts Wood.

19. One out of many an example will suffice (and of course here I must simplify). As the bourgeois order crumbled in Venezuela during the 1990s and it became increasingly likely that popular classes could win state power (which they did, in part, with the election of Hugo Chavez in 1998), groups of state bureaucrats and private investors close to the state oil company, PDVSA, began to set up subsidiaries abroad in conjunction with private transnational oil companies, and to transfer the country’s oil wealth out of the country and into the private sector accounts of transnational investors (among them Venezuelan nationals) via price transfers between the company’s headquarters in Caracas and this network of worldwide subsidiaries (see, e.g., Lander 2003 and Niemeyer 2004). Such a circulation of oil-generated capital only became possible in the globalisation phase of capitalism. In this way, the popular classes, even as they won a foothold in the state, were less able to utilise that state as an institutional lever to wrest wealth from a transnationalised bourgeoisie.

20. When Wood refers to the ‘global form’ of capital, she does not mean by this what I mean by transnational capital. Rather, she means that national capitals now have global reach as capitalism has universalised.

The political form of globalization is not a global state but a global system of multiple states, and the new imperialism takes its specific shape from the complex and contradictory relationship between capital's expansive economic power and the more limited reach of the extra-economic force that sustains it.²¹

Wood dismisses the proposition that a 'global state' – or what I have termed in my own work a transnational state (TNS) apparatus – may be coming into existence because, in her view, any such argument is based on the idea that the territorial state is increasingly obsolete. In Wood's view, those who refer to current world processes as globalisation define them as 'the decline of the territorial state'.²² Yet this is an outright straw-man. No one, beyond a few bourgeois commentators,²³ suggests that the nation-state is disappearing. I know of no Marxist or critical analysis of globalisation that maintains that capital can now, or ever has been able to, exist without a state. Wood's claim that global capital needs (local) states is neither original nor particularly controversial. Indeed, I, among others, have argued for many years that a fundamental contradiction of global capitalism is that, for historical reasons, economic globalisation has unfolded within the political framework of a nation-state system. The real issue is not whether global capitalism can dispense with the state – it cannot. Rather, it is that the state may be in a process of transformation in consort with the restructuring and transformation of world capitalism. The question is: to what extent and in what ways may new state forms and institutional configurations be emerging, and how may we theorise these new configurations?

Wood, here as elsewhere,²⁴ sees the nation-state not as an historical outcome but as immanent to capitalist development. But why should we assume that the nation-state is the only possible political form for organising social life in the capitalist system? Wood's reasoning in emphasising territoriality seems to be tautological: capital needs the state and the states that we have happen to be national states. What is the theoretical justification for assuming that the state is necessarily territorial? If the state is an institutionalised class relation, why must it have to be territorially conceived? Concomitantly, why should we assume that social classes – and specifically with regard to the topic at hand, the capitalist class – are necessarily organised along national lines? That they have been is something which must be problematised, that is, explained with reference to how the course of history actually unfolded and not by reference

21. Wood 2003, pp. 5–6.

22. Wood 2003, p. 152.

23. See, for example, Omhae 1996.

24. See, for example, Wood 2002.

to some abstract law or principle of the capitalist system and the modern world. The nation-state system, or inter-state system, I suggest, is an historical outcome, the particular form in which capitalism came into being based on a complex relation between production, classes, political power and territoriality. In order to understand the transformation of the state and the rise of a TNS, not to mention twenty-first-century imperialism, we need to return to an historical-materialist theoretical conceptualisation 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 institutionalisation 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.²⁵

There are vital functions that the national state performs for transnational capital, among them, sets of local economic policies aimed at achieving macroeconomic equilibrium, the provision of property laws, infrastructure, and, of course, social control and ideological reproduction – and, here, Wood and I are in agreement. However, there are other conditions that transnational capitalists require for the functioning and reproduction of global capitalism. National states are ill-equipped to organise a supranational unification of macroeconomic policies, create a unified field for transnational capital to operate, impose transnational trade regimes, supranational ‘transparency’, and so forth. The construction of a supranational legal and regulatory system for the global economy in recent years has been the task of sets of transnational institutions whose policy prescriptions and actions have been synchronised with those of neoliberal national state that have been captured by local transnationally-oriented forces. Marxists who theorise a TNS apparatus do not argue, as Wood would have us believe, that supranational institutions such as the IMF or the WTO replace or ‘render irrelevant’ the national state. Rather,

25. 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. Territorialised 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 national states, constitutions, legal systems, politics and culture, and the agency of collective actors (e.g., Westphalia, nationalism, etc.). This particular spatial form of the uneven development of capitalism is being overcome by the globalisation of capital and markets and the gradual equalisation of accumulation conditions this involves.

we argue that the national state is being transformed and increasingly absorbed functionally into a larger transnational institutional structure that involves complex new relations between national states and supra- or transnational institutions, on the one hand, and diverse class and social forces, on the other.

A TNS apparatus is emerging under globalisation from within the system of nation-states. An emergent TNS apparatus need not have a centralised form as historically developed in modern nations; it may exist in both transnational institutions and the transformation of national states. Transnational bodies such as the IMF and the WTO have worked in tandem with national states to re-articulate labour relations, financial institutions and circuits of production into a system of global accumulation. As national states are captured by transnational capitalist forces, they tend to serve the interests of global over local accumulation processes. The TNS, for instance, has played a key role in imposing the neoliberal model on the old Third World and therefore in reinforcing the class relations of global capitalism.

We cannot, as Wood does, simply shrug off the increasingly salient role of a transnational institutional structure in co-ordinating global capitalism and imposing capitalist domination beyond national borders. Even if one were to disagree with my particular thesis of a TNS, this transnational institutionality needs to be theorised. Clearly, the IMF, by imposing a structural adjustment programme that opens up a given country to the penetration of transnational capital, the subordination of local labour, and the extraction of wealth by transnational capitalists, is operating as a state institution to facilitate the exploitation of local labour by global capital, and is hence engaging in imperialism as defined by Wood. How are we to understand these IMF practices? Standard dogma would reduce them to instruments of 'US' imperialism. Yet I know of no single IMF structural adjustment programme that creates conditions in the intervened country that favours 'US' capital in any special way, rather than opening up the intervened country, its labour and resources, to capitalists from any corner of the world. This outcome is in sharp distinction to earlier imperialism, in which a particular core country sealed off the colonised country or sphere of influence as its own exclusive preserve for exploitation. Therefore it is more accurate to characterise the IMF (or for that matter, the World Bank, other regional banks, the WTO, etc.) as an instrument not of 'US' imperialism but of transnational capitalist exploitation.

The continued existence of the national state is a central condition not for 'US hegemony' or a 'new US empire' but for the class power of transnational capital. The TCC has been able to use local core states to mould transnational structures and to impose these on distinct nations and regions. The real issue is not the continued existence of national states and of powerful national states

in a globalised system – a fact that does not contradict the thesis of a TCC and a TNS – but their function. So how, then, are we to understand the role of the US national state?

Global capitalism and the US state

What are the political implications of the transnationalisation of capital? Wood does not entertain this matter, since she continues to see capital as nationally organised. Her nation-state-centrism leads us down a path that inevitably employs reified categories, and substitutes Marxist class analysis with Weberian state analysis. Realism presumes that the world economy is divided up into distinct national economies that interact with one another. Each national economy is a billiard ball banging back and forth on each other. This billiard image is then applied to global political dynamics. To the extent that real social relations become rigid national state relations, the whole construct becomes a reification. The starting point of the typical analysis is the presumption that twenty-first-century capitalism is characterised by national capitalist classes and states that defend the competing interests of these respective national groups against each other. Indeed, for Wood, world political dynamics are to be explained by competition and rivalry among national units, and US foreign policy is seen as an instrument to advance the interests of ‘its own domestic’ capital in the face of competition from other national capitals. But, she adds, ‘for the first time in the history of the modern nation state, the world’s major powers are not engaged in direct geopolitical and military rivalry. Such rivalry has been effectively displaced by competition in the capitalist manner’.²⁶

But can states ‘compete in the capitalist manner’? Here, we must point out the reification at work in Wood’s construct. To see states as actors as such is to reify them. Nation-states do not compete; they do not ‘do’ anything per se. Social classes and groups are historical actors. Social classes and groups acting in and out of states (and other institutions) do things as collective historical agents. These social groups and classes act through collective organisation and through institutions, one of the most important being the state. State apparatuses are those instruments that enforce and reproduce the class and social-group relations and practices that result from such collective agency.

Now, if one wants to be consistent with a Marxist approach to the state as an institution arising out of the configuration of class and social forces in civil society – indeed, as a class relation – then it is incumbent upon us to analyse

26. Wood 2003, p. 143.

those class and social forces in particular historical periods. If groups of capitalists are nationally organised, they may turn to ‘their’ national states in their competition with each other and hence their competition may take the form of state rivalries. This is exactly what we have witnessed in the earlier nation-state phase of world capitalism. But, then, to say that ‘nation-states’ (‘the world’s major powers’) are ‘competing’, as Wood does, is merely shorthand for saying that ‘capitalist groups grounded in specific territories and pursuing their competitive interests via particular national states are competing’. If we were to rephrase Wood’s affirmation by reverting the shorthand, expunging state reification and applying Marxist class analysis, we could state something like the following: ‘For the first time in the history of the modern nation-state system, capitalist groups based in particular national territories have not, through their respective national states, confronted one another through geopolitical and military rivalry, but through direct capitalist competition.’ The proposition is now rephrased so that reification of the state is expunged. But would it still be an empirically accurate explanation for the twenty-first-century reality, if dominant clusters of national capitals can be shown to have interpenetrated and integrated into transnational circuits?

Let us return to Wood’s thesis on US imperialism. Earlier, she affirmed: ‘for the first time in the history of the modern nation state, the world’s major powers are not engaged in direct geopolitical and military rivalry. Such rivalry has been effectively displaced by competition in the capitalist manner’.²⁷ Now she adds:

Imperial hegemony in the world of global capitalism, then, means controlling rival economies and states without going to war with them. At the same time, the new [US] military doctrine is based on the assumption that military power is an indispensable tool in maintaining the critical balance, even if its application in controlling major competitors must be indirect.²⁸

The construct appears here as an updated version of the old balance-of-power theory, whereby a dominant power is seen to keep the equilibrium among competing powers. But what evidence do we have that the US state has acted in recent years to protect and defend specifically US capital and to exclude or undermine other specifically national capitals, which is what Wood suggests and what the classical-Marxist theory of imperialism would predict? The approach appears vacuous of empirical content; it simply assumes the US state acts to benefit ‘US’ capital in competition with other core country national

27. Wood 2003, p. 143.

28. Wood 2003, p. 157.

capitals. On what basis we should conclude that the giant transnational corporations as putative beneficiaries of US state action represent ‘US’ capital? The issue is not even problematised, much less documented. Yet it is precisely on this basis that Wood, along with much recent literature, advances the US-imperialism argument in the current epoch.

The evidence indicates that US policies in the current era – such as the imposition of neoliberal structural adjustment programmes and the sponsorship of free-trade agreements – by and large served to further pry open regions and sectors around the world to global capitalism. Approached from an empirical standpoint, there is little evidence to suggest that US state policies in recent years have advanced the interests of ‘US’ capital over other ‘national’ capital. To the contrary, the US state has, in the main, advanced transnational capitalist interests. The Bush régime, for instance, consistently ratified and pursued a policy not of national economic retrenchment but of neoliberal global market integration. And an analysis of TNS institutions suggests that they act not to enforce ‘US’ policies but to force nationally-oriented policies in general into transnational alignment.

But the problem with Wood’s construct, let us recall, is twofold: in the first instance, it assumes that capital is still in the main nationally organised. Second, it reifies the state. What are the logical and analytical consequences of making states and ‘the US’ into reified actors, of arguing that each state represents ‘its own national’ capitals in competition, that US international policies are intended to advance the interests of ‘US’ capital, to ‘control rival economies and states’ and ‘maintain a critical balance’ among them? Wood advances the following proposition:

The kind of control of the global economy enjoyed by the US, while it cannot resolve the contradictions of the ‘market economy’, can be used, and is being used, to compel other economies to serve the interests of the imperial hegemon in response to the fluctuating needs of *its own domestic capital* [my emphasis – W.R.]... One minute, *it* [‘it’ meaning the US state, my emphasis – W.R.] can force subsistence farmers to shift to single cash-crop production for export markets; *the next, accord to need, it* [my emphasis – W.R.] can effectively wipe out those farmers by demanding the opening of third world markets... *It* [my emphasis – W.R.] can temporarily support industrial production in emerging economies by means of financial speculation; and then suddenly pull the rug out from under those economies by cashing in the speculative profits, or cutting losses and moving on.²⁹

29. Wood 2003, p. 134.

Now, by ‘it’, to reiterate, Wood is referring to the US state as a reified actor. The approach shifts the focus of agency from social classes and groups to states. Moreover, it inverts the real relationship between social groups, classes, and states, in that states do not compel economies to secure their interests; social groups and classes ‘compel’ (act through) states to secure their class and group interests. There are two assumptions contained in the proposition. The first is that states are actors, and the second is that ‘US capital’ is the presumed beneficiary of such US state actions as forcing subsistence farmers to shift to cash crop production, and so on. When the rug is pulled out from under the ‘national’ economy of a given country – say Argentina in the crisis that began in late 2001, or Mexico in the 1995 peso crisis, or Asia in the 1997/98 financial meltdown – who is doing the pulling? In fact, the agents at work are transnational investors, not an ‘it’ (US state) but a ‘they’ (transnational capitalists). Second, in the same vein, when we empirically study any recent example of the rug being pulled out from a country as transnational investors cash in on their speculative profits and move on, we find that those who pull their capital out of one region, or shift it instantaneously from one to another, are nationals of numerous countries. Indeed, as the analysis of ‘cashing in on speculative profits, or cutting losses and moving on’ shows in the case of Argentina, Mexico, Russia, or any other recent example, the nationals from the self same country (that is, Argentine, Mexican, or Russian capitalists) often participate in this transnational capital movement, since they are themselves transnational investors.³⁰ Can we conclude that whatever particular action the US state may have taken in these cases, such action was aimed at advancing the particular interests of ‘US’ capital in competition with other national capitals, to ‘control rival economies and states’ and to ‘maintain a critical balance’ among them? Or are the empirical facts more consistent with the analytical conclusion that whatever the US state did in Argentina or elsewhere to facilitate the profit-making of capitalists, that it did so in the interests of transnational capitalists?

The evidence in the age of neoliberalism suggests that, regardless of what country we study, the particular institution more likely to ‘force subsistence farmers to shift to single cash-crop production for export markets’ is likely to be a supranational organisation such as the World Bank. The evidence of the role of these supranational institutions does not support the proposition of US hegemony as much as the proposition that a TNS apparatus operates in the interests of global capital. Moreover, the actual historical process in recent years suggests not that subsistence farmers are forced to shift to cash-crop

30. For the particular case of Argentina, see, for example, Halevi 2002.

production, but, rather, that subsistence farmers over the past few decades have tended to lose their land to agribusiness, and that agribusiness generally brings local capitalist investors together with transnational corporations from around the world. We see less an imperial nation-state promoting ‘its’ capital than the agency of local groups as part of a transnational class structure, in which the US state and transnational institutions are working together to advance global capital accumulation.³¹

‘The European Union’, Wood writes later on, ‘is potentially a stronger economic power than the US’.³² Yet any empirical study of the global economy reveals that sets of veritably transnational corporations operate both inside as well outside of the territorial bounds of the EU, that transnational investors from all countries hold and trade in trillions of euros each day, that European investors are as deeply integrated into transnational circuits of accumulation that inextricably pass through the ‘US’ economy as are US investors into such circuits that pass through the ‘EU’ economy. In the end, the only thing that makes transnational capitalists from around the world ‘US’, or ‘European’, or ‘Malaysian’, and so on, is not their control over distinct national capital circuits in competition with other such national circuits, as Wood would have us believe, but, increasingly, simply the passport they carry and certainly some cultural attributes and residual regional histories and interests which are ever more severed from nationally-distinct material and class interests.

Shortly before preparing this article (July 2004), I came across a report during a July 2004 visit to Chile that Chilean capitalists had invested in 2003 some \$40 billion around the world in diverse pension funds, securities, and other financial outlets. An IMF report that same month explains that that Malaysian, German, Russian, Japanese and US investors are among those thousands of holders of Argentine bonds that have demanded from the IMF and the G8 that the Argentine government reverse its default and honour these bonds. Hence, when the US state, the IMF or the G8 pressure the Argentine government to honour its debt to private capitalists from around the world, is this a case, as Wood would have it, of the US state serving the interests of ‘its own domestic capital’ or the even more amorphous ‘interests of the imperial hegemon’? Or is it that the US state, together with the IMF and the G8, are serving the interests of transnational capital, and the interests of global capitalist circuits over those of specifically local or national circuits? Also, in July 2004, *Le Monde Diplomatique* informed us that Thailand’s largest corporate conglomerate, the Charoen Pokphand Group (CPG), employs

31. For a detailed analysis of this process in one region, Central America, see Robinson 2003.

32. Wood 2003, p. 156.

100,000 people in 20 countries in operations ranging from poultry and other food production to seeds, telecoms, feed, and franchise on 7-Eleven retail shops. Clearly, whenever US or IMF pressures open up any of those 20 countries to the global economy, CPG and its investors are just as much the beneficiaries as are transnational investors from the US or elsewhere. And, surely, the CPG would be pleased to sell its cut chicken pieces (for which it is best known) in a new Iraqi market opened up by the US invasion.³³

As the most powerful component of the TNS, the US state apparatus defends the interests of transnational investors and of the system as a whole. Military expansion is in the interests of the TNCs. The only military apparatus in the world capable of exercising global coercive authority is the US military. The beneficiaries of US military action around the world are not ‘US’ but transnational capitalist groups. This is the underlying class relation between the TCC and the US national state. More generally, the structural changes that have led to the transnationalisation of national capitals, finances, and markets, and the actual outcomes of recent US-led political and military campaigns, suggest new forms of global capitalist domination, whereby intervention creates conditions favourable to the penetration of transnational capital and the renewed integration of the intervened region into the global system. There is no better example than Iraq of how the US military constitutes a naked instrument for forcibly integrating a region wholesale into global capitalism. Shortly after the invasion, for instance, the US occupation force decreed ‘Order #39 on Foreign Investment’, which opened the doors of Iraq to investment by capitalists from anywhere in the world, allowing for 100 percent foreign ownership, ‘national treatment’ of foreign firms, unrestricted tax-free remittance of profits and other funds, and 40-year ownership licenses.³⁴ Contrary to what we would expect from Wood’s construct, the US occupation force did not establish any special advantage for ‘US’ capital, for ‘its own markets’.

In sum, the dynamics of this emerging stage in world capitalism cannot be understood through the blinders of nation-state-centric thinking. There is a new relation between space and power that is only just beginning to be theorised, along with novel political, cultural and institutional relations that are clearly transnational in the sense that the nation-state does not fundamentally mediate these relations as it did in the past. This is not to say that the nation-state is no longer important but that the system of nation-states as discrete interacting units – the inter-state system – is no longer the organising principle

33. For these details, see, *inter alia*, DelForge 2004, pp. 5; IMF 2004.

34. Docena 2004.

of capitalist development, or the sole institutional framework that shapes social and class forces and political dynamics. If we are to properly understand the role of local and regional economies and class structures, they must be studied from the perspective of their point of insertion into global accumulation rather than their relationship to a particular national market or state structure. This does not mean ignoring local conditions, history or culture.³⁵ But the key becomes their relationship to a transnational system and the dialect between the global and the local.

Concluding comments: capitalism and the theory of imperialism

Let us return, by way of conclusion, to Wood's claim that the current moment is defined by a new capitalist imperialism that emerges in the latter part of the twentieth century in distinction to previous imperialisms in the modern era. Is there something novel in the relations of political domination and economic exploitation in the twenty-first-century global system? I believe there is, and that we can explain what is new not by the categories and analytical framework that Wood has erected but by the concept of globalisation as an emergent (still unfolding) transnational stage in the ongoing evolution of world capitalism.

I agree fully with Wood that it is only in recent decades that capitalism as a social relation has become universalised, so that our theorisation of imperialism in the current epoch must acknowledge that 'capitalist imperatives are a universal instrument of imperial domination'.³⁶ There are two interlinked components to the classical-Marxist theory of imperialism: rivalry and conflict among core capitalist powers; and the exploitation by these powers of peripheral regions. Imperialism, if we mean by it the relentless pressures for outward expansion of capitalism and the distinct political, military and cultural mechanisms that facilitate that expansion and the appropriation of surpluses it generates, is a structural imperative built into capitalism. In this sense, imperialism remains a vital concept for the twenty-first century. But there is nothing in this imperialism that necessarily links it to a concomitant view that capitalism, by definition, involves competition among national capitalist combines and consequent political and military rivalry among core nation-states. The current (post-9/11) moment may represent some new escalation of imperialism in response to the crisis of global capitalism. But, to acknowledge

35. Indeed, my theoretical propositions are built around the understanding of such conditions. See, in particular, Robinson 2003.

36. Wood 2003, p. 127.

this 'new' imperialism is not to suggest, as does the received literature these days, a resurgent 'US' imperialism understood in the old nation-state framework.

There is little disagreement among global élites, regardless of their formal nationality, that US power should be rigorously applied (for example, to impose IMF programmes, to bomb the former Yugoslavia, for 'peacekeeping' and 'humanitarian' interventions, etc.) in order to sustain and defend global capitalism. Military intervention has become a major instrument for forcibly opening up new regions to global capital and sustaining a process of 'creative destruction'. In this regard, 'US' imperialism refers to the use by transnational élites of the US state apparatus to continue to attempt to expand, defend and stabilise the global capitalist system. The US state is the point of condensation for pressures from dominant groups around the world to resolve problems of global capitalism and to secure the legitimacy of the system overall. The question is, in what ways, under what particular conditions, arrangements, and strategies should US state power be wielded? We face an empire of global capital headquartered, for evident historical reasons, in Washington.

The US state has attempted to play a leadership role on behalf of transnational capitalist interests. That it is increasingly unable to do so points not to heightened national rivalry or competition but to the impossibility of the task at hand given the crisis of global capitalism. Global élites have mustered up fragmented and at times incoherent responses involving heightened military coercion, the search for a post-Washington consensus, and acrimonious internal disputes. The opposition of France, Germany and other countries to the Iraq invasion indicated sharp tactical and strategic differences over how to respond to crisis, shore up the system, and keep it expanding. That this is not about nation-state rivalry should be obvious from the fact that a good portion of the US élite came out against the war – not just Democrats but such Republican national security doyens as Brent Scowcroft and Lawrence Eagleberger.

By the early twenty-first century, global capitalism was in crisis. This crisis involves three interrelated dimensions. First it is a crisis of social polarisation. The system cannot meet the needs of a majority of humanity, or even assure minimal social reproduction. Second is a structural crisis of overaccumulation. The system cannot expand because the marginalisation of a significant portion of humanity from direct productive participation, the downward pressure on wages and popular consumption worldwide, and the polarisation of income, have reduced the ability of the world market to absorb world output. The problem of surplus absorption makes state-driven military spending and the growth of military-industrial complexes an outlet for surplus and gives the current global order a frightening built-in war drive. Third is a crisis of

legitimacy and authority. The legitimacy of the system has increasingly been called into question by millions, perhaps even billions, of people around the world, and is facing an expanded counter-hegemonic challenge.

Neoliberalism ‘peacefully’ forced open new areas for global capital in the 1980s and the 1990s. This was often accomplished through economic coercion alone, as Wood would likely agree, made possible by the structural power of the global economy over individual countries. But this structural power became less effective in the face of the three-pronged crisis mentioned above. Opportunities for both intensive and extensive expansion dried up as privatisations ran their course, as the former ‘socialist’ countries became re-integrated into global capitalism, as the consumption of high-income sectors worldwide reached a ceiling, and so on. The space for ‘peaceful’ expansion, both intensive and extensive, became ever more restricted. Military aggression has become in this context an instrument for prying open new sectors and regions, for the forcible restructuring of space in order to further accumulation. The train of neoliberalism became latched on to military intervention and the threat of coercive sanctions as a locomotive for pulling the moribund Washington consensus forward. The ‘war on terrorism’ provides a seemingly endless military outlet for surplus capital, generates a colossal deficit that justifies the ever-deeper dismantling of the Keynesian welfare state and locks neoliberal austerity in place, and legitimates the creation of a police state to repress political dissent in the name of security. In the post 9/11 period, the military dimension appeared to exercise an overdetermining influence in the reconfiguration of global politics. The Bush régime militarised social and economic contradictions, launching a permanent war mobilisation to try to stabilise the system through direct coercion.

But was all this evidence for a new US bid for hegemony? A US campaign to ‘compete’ with other major states? To defend ‘its own domestic capital’? To ‘maintain a critical balance’ and ‘control major [state] competitors’? I trust my reasons for rejecting such an argument have been made clear in this critical article.

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