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Beijing has talked a lot about a "New Deal" for the countryside over the last few years, but there are few signs that it has the political will to adopt policies that would translate its rhetoric into reality. Given this, while Chinese rural demand might help mitigate the impact of the global recession in China, it is unlikely that the Chinese peasant will supplant the now bankrupt American consumer as the engine of global consumption.

CONCLUSION

The non-coincidence of Western and Chinese economic interests has become a topic for the Western media only over the past few years. Until well into the current decade, China was in fact portrayed as a major example of the beneficial effects of capitalist globalization. While it might occasionally have been resented by American workers, whose lives and communities were destroyed by factory closings and relocations, such sentiments remained too localized to have much political impact. On the contrary, China supplied the low-cost goods on the shelves of Walmart, and so gave American workers more consumer bang for their borrowed buck. China's willingness to recycle its export earnings into American debt was widely appreciated, as it served to perpetuate this felicitous situation.

The current crisis and the dim prospects for a new phase of sustained economic growth have reminded Western commentators of the downside of this one-sided arrangement, prompting them to urge China to take seriously its role as a global consumer. As this chapter has argued, hopes that China will transform itself into a major absorber of global (over)production are highly fanciful. There are few signs that the Chinese government is interested in enhancing the purchasing power of its peasant population. Moreover, even if it were prepared to do so, it would only temporarily attenuate the fundamental conflict between the exploitation of the Chinese population and its ability to function as responsible citizen-consumers. As Marx argued, capital's exploitative methods constitute the ultimate barrier to its objective of self-expansion.

THE CRISIS OF GLOBAL CAPITALISM

Cyclical, Structural, or Systemic?

William I. Robinson

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

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

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

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

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

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

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

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

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

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

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

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

theories is the assumption that world capitalism in the twenty-first century is made up of "domestic capitals" and distinct national economies that interact with one another, and a concomitant "realist" analysis of world politics as driven by the pursuit by governments of their "national interest." But these interpretations ignore the changes that have taken place in world capitalism. These changes have vast implications for how we analyze world political and social dynamics as well as the responses by distinct agents to the current crisis. Interpreting the US state as playing a leadership role on behalf of transnational capitalist interests is a more satisfactory explanation than that of advancing "US" interests. The US state has taken the lead in imposing a reorganization of world capitalism. But this does not mean that US militarism and interventionism seek to defend "US" interests. As the most powerful component of the TNS, the US state apparatus attempts to defend the interests of transnational investors and the overall system.

Neither the emergent transnational stage in world capitalism nor the current crisis can be understood through the lens of nation-state-centric thinking. 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 principal institutional framework that shapes social forces and political dynamics. The nation-state-centric perspective has become a blinder that limits and increasingly distorts our understanding. The global-capitalism perspective summarized here provides much greater explanatory power in making sense of the crisis.

SITUATING THE GLOBAL CRISIS: FROM NATION-STATE TO TRANSNATIONAL CAPITALISM

This globalization stage of world capitalism itself evolved out the response of distinct agents to previous episodes of crisis, in particular to the 1970s crisis of Fordism-Keynesianism, or of redistributive capitalism. In the wake of that crisis, capital went global as a strategy of the emergent transnational capitalist class and its political representatives to reconstitute its class power by breaking free of nation-state constraints to accumulation. These constraints—the so-called class compromise—had been imposed on capital through decades of mass struggles around the world by nationally contained popular and working classes. During the

² See for example D. Harvey, *The New Imperialism*, New York: Oxford University Press, 2003; E. Meiksins Wood, *Empire of Capital*, London: Verso, 2003; J. B. Foster, *Naked Imperialism: US Pursuit of Global Dominance*, New York: Monthly Review, 2006; P. Gowan, *The Global Gamble: Washington's Bid for World Dominance*, London: Verso, 1999.

1980s and 1990s, however, globally oriented elites captured state power in most countries around the world and utilized that power to push capitalist globalization.

Global mobility gave transnational capital newfound structural power over nationally based working classes. Globalization and neoliberal policies opened up vast new opportunities for transnational accumulation in the 1980s and 1990s. What took place, in broad strokes, in these decades? Privatizations facilitated a new round of primitive accumulation as public and community spheres were commodified and turned over to capital. Deregulation, liberalization, and free trade agreements allowed for a wave of foreign direct investment, for a sharp increase in cross-border mergers and acquisitions, and for a heightened concentration and centralization of capital on a global scale. The incorporation of the former Soviet bloc and Third World revolutionary countries into global capitalism provided vast new markets and investment outlets. The revolution in computer and information technology and other technological advances helped emergent transnational capital to achieve major gains in productivity and to restructure, "flexibilize," and shed labor worldwide. This, in turn, undercut wages and the social wage and facilitated a transfer of income to capital and to high-consumption sectors around the world that provided new market segments fueling growth. In sum, globalization made possible a major extensive and intensive expansion of the system and unleashed a frenzied new round of accumulation worldwide that offset the 1970s crisis of declining profits and investment opportunities.

But crises of overaccumulation follow periods of hyperaccumulation. At the structural level, the current global crisis is above all one of overaccumulation, or the lack of outlets for the profitable absorption of surpluses. Global elites giddily declared "the end of History" in the heyday of global capitalism's hegemony in the early 1990s, but by the end of that decade the limits to expansion became clear as global markets became saturated. As privatization programs ran their course, the well of assets to privatize dried up. The initial boom in investment opportunities in the former socialist and revolutionary countries began to taper, after they were brought into global markets. Once plants and infrastructures made the switch to computer and information technology the remarkable rate of fixed-capital turnover that the initial system-wide introduction of these

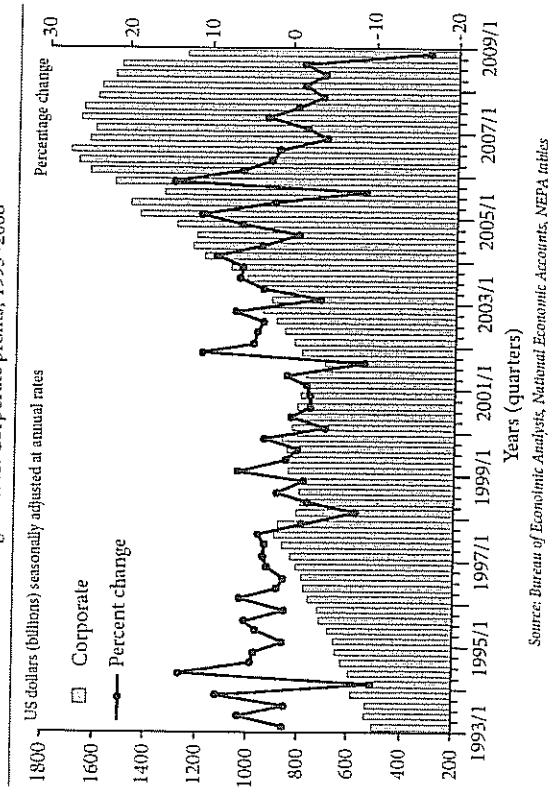
technologies generated could not be sustained. Investment in high-tech slowed greatly in the twenty-first century, and in 2008 telecommunication and computer orders were down 50 percent from their high in the late 1990s.³ By the turn of the century, it became apparent that the world was headed for a structural crisis. The system was generating ever more massive surpluses, yet opportunities diminished for the profitable absorption of those surpluses after the boom of the 1980s and 1990s. Global economic expansion and global market contraction reflect a—perhaps *the*—fundamental contradiction of capitalism: *overaccumulation*.

Crisis theory suggests that overaccumulation may be manifested in different ways.⁴ How is it manifested in the current crisis? In the last major crisis, that of the 1970s, it took the form of a falling rate of profit, as "profit squeeze" theorists writing in that decade demonstrated. But a "profit squeeze" does not explain the current situation, as profits have soared in the period leading up to crisis (see Figure 13.1). In the 1970s, overaccumulation also took the form of stagflation, or inflation together with stagnation. Working and popular classes in the early and mid-1970s fiercely resisted a transfer of the costs of the crisis to themselves. Neither these classes nor capital were willing to shoulder the costs of crisis; this stand-off is what generated stagflation. But working and popular classes were able to put up resistance precisely because they faced capital within the confines of the nation-state. The gains these classes had made within nation-state capitalism and their ability to resist capital's impositions is precisely what led capital to go global in the first place, that is, to undertake a restructuring of the system through globalization. But stagflation and stand-off does not characterize the current crisis, at least not as I write in mid-2009. As has been amply documented, the portion of value going to workers has dropped sharply and living standards have plummeted since the late 1970s. Instead, it seems clear that overaccumulation is now expressed, as it was in the 1930s crisis, as overproduction/underconsumption. The world press, for instance, has been full of images of car lots overflowing with vehicles that cannot be marketed as factories shut down and

3 P. G. Gosselin, "US Economy May Sputter for Years," *Los Angeles Times*, January 19, 2009, p. A1.

4 See, *inter alia*, David Harvey's discussion in *Limits to Capital*, London: Verso, 2006.

Figure 13.1: Corporate profits, 1993–2008



Source: Bureau of Economic Analysis, National Economic Accounts, NEPA tables

production plummets. And if there is a “Credit Crunch” it is not because bankers and investors do not have money to lend but because they cannot do so profitably due to consumer insolvency.

The capitalist system, in sum, is again facing the recurrent challenge of how to profitably unload surpluses. The system had been stumbling from one lesser crisis to another since the mid-1990s. First was the Mexican Peso Crisis of 1995, and its “tequila effect” elsewhere. This was followed by the Asian Financial Meltdown of 1997–98 that also spread to other parts of the world. Then came the recession of 2001. Between the Asian Meltdown of 1997–98 and the recession of 2001, global elites began to sound alarm bells. Billionaire financier George Soros warned of the need to save the system from itself.⁵ These elites became wracked by divisions and infighting as the more politically astute among them clamored for a “post-Washington Consensus” project of reform—a so-called globalization with a human face.⁶ The neoliberal monolith began to crack, although

5 G. Soros, *The Crisis of Global Capitalism: Open Society Endangered*, New York: PublicAffairs, 1998.

6 See, inter alia, J. Stiglitz, *Globalization and its Discontents*, New York: W.W. Norton, 2003.

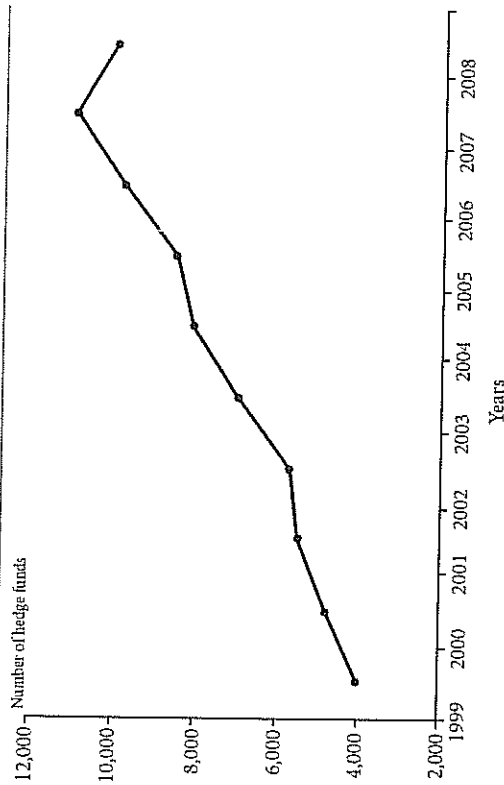
it would take several more years before its downfall. By the new century, two major mechanisms for unloading surplus would provide a perverse lifeline to the system: financial speculation and militarized accumulation.

FINANCIAL SPECULATION AND MILITARIZED ACCUMULATION

Globalization has, in large part, been a finance-led process. Deregulation of the financial industry together with the introduction of computer and information technology made possible the creation of a globally integrated financial system. Transnational finance capital is the most mobile fraction of capital and became the hegemonic fraction on a world scale in the late twentieth century. The “revolution in finance” over the past few decades included all sorts of financial innovations—a vast and bewildering array of derivatives, including swaps, futures markets, hedge funds, institutional investment funds, mortgage-backed securities, collateralized debt obligations, Ponzi schemes, pyramiding of assets, and many more. These innovations make possible a global casino, or transnational financial circuits based on speculation and the ongoing expansion of fictitious capital. Securitization made every pile of money, such as pensions, as well as debt itself (“negative money”), a “tradable” and therefore a source of speculation and accumulation. These innovations allowed global speculators to appropriate values through new circuits that were in many ways irrespective of space and irrespective of “real” value or material production.

Transnational finance capital proved to be utterly predatory, seeking out one outlet after another for frenzied speculation. The sequence of speculative waves in the global casino since the 1980s included real-estate investments in the emerging global property market that inflated property values in one locality after another, wild stock-market speculation leading to periodic booms and busts, most notably the bursting of the dot-com bubble in 2001, the phenomenal escalation of hedge-fund flows and pyramiding of assets (see Figure 13.2), currency speculation, one Ponzi scheme after another, and later on frantic speculation in global commodities markets, especially energy and food markets, which provoked a spike in world prices in 2007 and 2008 and sparked “food riots” around the world.

Figure 13.2: Global hedge funds



Source: International Financial Services London report—Hedge funds 2009, April 7, 2009. Estimates of the size of the hedge fund industry vary due to restrictions imposed on advertising and reporting of performance by hedge funds. As there are no authoritative estimates we have relied in this report on commercial databases and index providers which rely on information provided voluntarily.

As speculation in the global financial casino reached fever pitch following recovery from the 2001 recession, the gap grew ever greater between fictitious capital in this casino and the productive economy, or what the media popularly called the “real economy.” This “real economy” was kept afloat momentarily by a massive increase in consumer debt (largely credit cards and mortgages) and Federal deficit spending in the United States, which converted that country into the world’s “market of last resort” and temporarily postponed the crash. US consumer debt climbed from \$355 billion in 1980 to \$1 trillion in 1994, \$2 trillion in 2004, and \$2.6 trillion in 2008, while the US current account went from a surplus in 1992 to deficits of \$100 billion in 1998, \$700 billion in 2004, and \$1.2 trillion in 2008, according to Federal Reserve data. The Federal Reserve decision to reduce interest rates to about 1 percent in 2003 as a mechanism to overcome the recession also triggered a wave of speculation in the US mortgage market and prompted investors to begin subprime lending, including the infamous loans with “teaser” interest rates aggressively sold to millions of people who would later be unable to meet their mortgage payments once the rates were increased. Consumption driven by US consumer

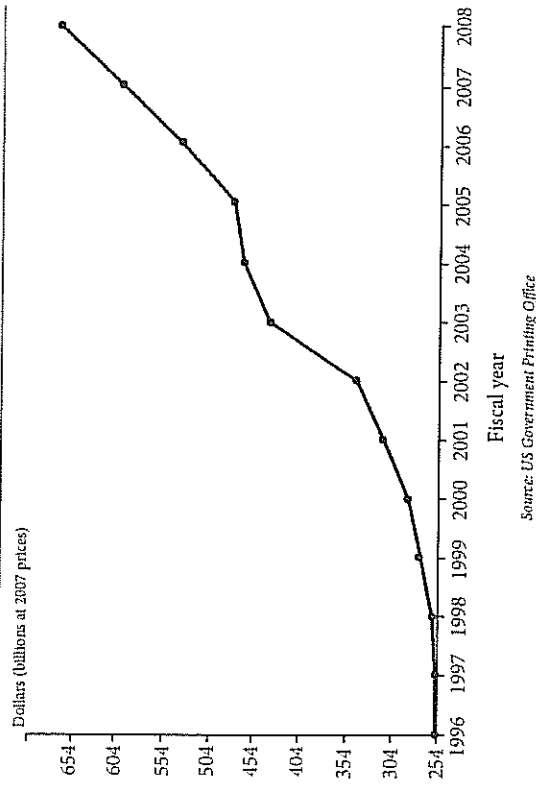
credit-card and mortgage debt and state deficit financing sustained accumulation worldwide and momentarily displaced the crisis. In the perverse world of predatory transnational finance capital, debt and deficits themselves became new sources of financial speculation.

It was *transnational*—not “US”—capital that relied on US debt and deficits to sustain profit-making around the world. The subprime mortgage market, for example, attracted trillions of dollars from individual, institutional, and corporate investors from all continents. It is a mistake to see things in terms of “US capitalism” rather than global capitalism. The US state has acted as an instrument of global capitalism and the United States as a major axis or nodal point for globalized accumulation. The funds from the US Treasury bail-outs of the Wall Street banks in late 2008 and early 2009, for instance, went to individual and institutional investors from around the world, while the US debt was itself financed by these same investors.

Global casino capitalism produced an ever greater expansion of fictitious capital—that is, money thrown into circulation without any base in commodities or in productive activity. Financial speculation fueled industrial production in part, so that the global casino kept the global factory running for a while. But large amounts of credit served not to expand production but to inflate the prices of assets already in place. The gap between the worldwide speculative economy and the productive economy grew to an unfathomable chasm. In 2000, for instance, the worldwide trade in goods and services was less than \$10 trillion for the entire year, according to IMF data, while *daily* movements in currency speculation stood at \$3.5 trillion, so that in just a few days more currency circulated as speculation than the international circulation of goods and services in an entire year. By the early years of the twenty-first century, these massive concentrations of transnational finance capital were destabilizing the system and global capitalism ran up against the limits of financial fixes. The bottoming out in 2007 of the subprime mortgage market that triggered the collapse a year later of the global financial system headquartered in Wall Street was merely the “straw that broke the camel’s back.”

Alongside frenzied financial speculation, the US state militarized the global economy. The cutting edge of accumulation in the “real economy” worldwide shifted from computer and information technology before the dot-com bust to a military-security-industrial-construction-engineering-petroleum complex

Figure 13.3: US Military Expenditure since 1996



that also accrued enormous influence in the halls of power in Washington. Military spending skyrocketed into the trillions of dollars through the “War on Terror” and the invasions and occupations of Iraq and Afghanistan (Figure 13.3), acting to throw fresh fuel on the smoldering embers of the global economy. Spin-off effects of this spending flowed through the open veins of the global economy—that is, the integrated network structures of the global production, services, and financial system. In this way, the US state has mobilized vast resources and political pressures, taking advantage of the dollar’s role as the global currency and therefore of the extraordinary power of the US Treasury to absorb surpluses and sustain global accumulation by militarizing that accumulation and creating a global war economy. But the “War on Terror” also has collateral political and ideological functions. It legitimates new transnational social-control systems and the creation of a police state to repress political dissent in the name of security. It allows states to criminalize social movements and “undesirable” populations, such as undocumented immigrants in the United States.

Many interpreted militarization and renewed US interventionism under the Bush administration through “new imperialism” theories. These theories were quite popular during the Bush years because

they allowed critics to identify a visible enemy—a state and its direct agents—responsible for the horrors of global intervention and domination. According to these theories, the United States set about to renew a US empire and offset the decline in its hegemony amidst heightened inter-imperialist rivalry. But this was a fundamentally flawed interpretation of militarized accumulation, as I have argued at length elsewhere.⁷ We would do better to see the US state as the most powerful institution in advancing global capitalism, in organizing and sustaining global accumulation. “New imperialism” theories conflated the disarray, factionalism, and state competition and conflated the disarray, factionalism, and parochial and sectoral interests among transnational capitalist groups and global elites with nation-state rivalries. The US state has attempted to play a leadership role *on behalf of* transnational capitalist interests, taking the lead in imposing a reorganization of world capitalism.

The beneficiaries of US military action around the world have not been “US” but transnational capitalist groups. This is the underlying class relation between the transnational capitalist class and the US national state. Despite the rhetoric of neoliberalism, the US state undertook an unprecedented role in creating profit-making opportunities for transnational capital and pushing forward an accumulation process that, left to its own devices (the “free market”), would have ground to a halt much sooner than 2008. The “creative destruction” of war (and natural and humanitarian disasters) generated new cycles of accumulation through “reconstruction.” The trillions of dollars invested by the US state in war and “reconstruction” in Iraq and elsewhere has gone to a vast array of investors and subcontractors spanning the globe. For instance, Kuwaiti Trading and Contracting, Alargan Trading of Kuwait, Gulf Catering and Saudi Trading and Construction Company were just some of the companies based in the Middle East that entered into multiple subcontracting relationships with Halliburton and Bechtel, and shared in the bonanza along with companies and investor groups as far away as South Africa, Bosnia, the Philippines, and India.⁸ The picture that emerged was one in which the US state mobilized the resources

7 For a review of the “new imperialism” literature and my critique, see W. I. Robinson, “Beyond the Theory of Imperialism: Global Capitalism and the Transnational State,” *Sociology Without Borders*, No. 2, 2007.

8 *Ibid.*

to feed a vast transnational network of profit-making that passed through countless layers of outsourcing, subcontracting, alliances and collaborative relations, benefiting transnationally oriented capitalists from many parts of the globe as the class relations of global capitalism became deeply internalized *within* every nation-state. The crisis then hit the global system as a whole and is as much political—a crisis of legitimacy—as it is economic.

RESPONSES TO THE CRISIS AND ALTERNATIVE FUTURES

Is the current Crisis cyclical, structural, or systemic? *Cyclical crises* are recurrent to capitalism about once every ten years and involve recessions that act as self-correcting mechanisms without any major restructuring of the system. The recessions of the early 1980s, the early 1990s, and 2001 were cyclical crises. In contrast, we are now in a deep structural crisis. *Structural crises* reflect deeper contradictions that can only be resolved by a major restructuring of the system. The crisis of the 1970s was a structural crisis that was resolved through capitalist globalization. Before that, the 1930s was a structural crisis that was resolved through the creation of a new model of Fordist-Keynesian or redistributive capitalism. A *systemic crisis* involves the replacement of a system by an entirely new system or by an outright collapse. A structural crisis opens up the *possibility* for a systemic crisis. But whether it actually snowballs into a systemic crisis—in this case, if it gives way either to capitalism being superseded or to a breakdown of global civilization—is not predetermined and depends entirely on the response of social and political forces to the crisis and on historical contingencies that are not easy to forecast. This is an historic moment of extreme uncertainty, in which collective responses to the crisis from distinct social and class forces are in great flux.

Many global elites have responded to the current Crisis by pushing for a global reformism or neo-Keynesianism from above, aimed at saving capitalism from itself and from contending radical challenges. The Obama administration articulates such a project, involving a shift from neoclassical to institutionalist economics, a limited re-regulation of global market forces, and multi-trillion-dollar state intervention programs to bail out transnational capital. Global reformism appeared to be the dominant response from elites in 2009 but there was no global-elite consensus. It is entirely premature to predict or describe a new model of global

capitalism, as social forces will continue to be in conflict for a long time to come. Moreover such a project must contend with the fundamental contradiction of a globalizing economy within a nation-state-based system of political authority and legal enforcement. “We now have global financial authority and legal corporations, global financial flows,” stated British Prime Minister Gordon Brown, speaking at a late 2008 emergency summit of the G-20 countries. “But what we do not have is anything other than national and regional regulation and supervision. We need a global way of supervising our financial system . . . we need very large and very radical [political, institutional] changes.”⁹ In fact, it is since the Asian Crisis of 1997–98 that global elites have been scrambling to develop more effective transnational state apparatuses, or institutions and mechanisms that allow for transnational coordination and supervision. These efforts have intensified since the collapse of 2008. In March 2009, for instance, the Chinese government called for the creation of a new global reserve currency to replace the dominant dollar—a super-currency made up of a basket of national currencies and controlled by the IMF.¹⁰

What are the prospects of a “new New Deal”? At the time of writing (mid-2009) there were few signs that capitalist states could foment a shift back from financial to productive accumulation. Global capital has become a leviathan in which capitals from around the world are so deeply inter-penetrated not only across borders but through the overlap of productive and financial circuits that it is not clear how meaningful it is to continue to make a distinction, in the classical way, between the two. The giant global financial conglomerates draw in individual and institutional investors from around the world and in turn circulate unfathomable amounts of capital into productive, commercial and service circuits. There did not appear to be the political will or even the notion among global elites and capitalist state managers in early 2009 to restructure the system in any way that would re-establish some boundaries between financial and productive circuits or that would modify the role transnational finance capital has played as the regulator

⁹ Gordon Brown, as cited in J. Brecher, T. Costello and B. Smith, “The G-20 vs. the G-6 Billion,” *ZNet*, November 20, 2008, <http://www.zmag.org> (accessed on November 21, 2008).

¹⁰ D. Lee, “China Pushes for Bigger Role in Reshaping the World Economy,” *Los Angeles Times*, April 2, 2009, p. A1.

of the circuit of accumulation and the causal agent in the Crisis. While some state officials called for a re-regulation of the global financial system, none appeared to challenge in any fundamental way the very structure in which transnational finance capital exercises such utter domination over the world.

In the 1930s reformist forces from above were able to restructure capitalism by curtailing capital's prerogatives without challenging its fundamental interests. Today, by contrast, I do not see any way a reformism from above could adequately address the current crisis without a head-on collision with the interests of global capital—the transnational banks, the oil/energy sector, the military-industrial-reconstruction complex, and so forth. This is to say that the capitalist state, in order to salvage the system from its own self-destruction, would have to exercise a remarkable degree of autonomy not just from individual capitalists and investor groups but from the leviathan that is the inextricably entangled mass of global capital. Such a role could only come about under a change in the worldwide correlation of class and social forces in favor of popular and working classes. The principle underlying difference between the 1930s New Deal project of reform and restructuring and the twenty-first-century conjuncture is this correlation of class and social forces worldwide. There is no socialist-oriented bloc of countries currently that could exercise a critical counterweight to capitalist elites in response to the current crisis, while mass socialist and worker movements, although they are burgeoning, are weak compared to the 1930s.

On the other hand, although these forces are weaker in a comparative historical sense, they are also more coordinated across borders and regions in the new global age, and reinvigorated by the crisis. To speak of a global justice movement is not mere rhetoric, because resistance and counterhegemonic forces around the world are acutely aware, in a way that we have not previously experienced, that local resistance struggles and alternative projects acquire their meaning in the context of and in relation to transnational struggles and projects. In the late 1990s, popular resistance forces in different parts of the world calling for transformative projects formed a critical mass, coalescing around an agenda for global social justice. Resurgent Left, radical, and anti-capitalist forces worldwide have again placed socialism on the world political agenda. Latin America appears to be the “weakest link” at this time in the global capitalist leviathan. The Venezuelan revolution is attempting to construct a twenty-first-

century socialism and to stake out a radical anti-capitalist pole in South America. Everywhere, popular forces are in ferment and mass struggles escalating. The organized Left has a renewed presence in many countries.

These counterhegemonic forces call for the resolution of the crisis through a more far-reaching transformation of the global social order. But severe fragmentation of the popular classes brought about by decades of global informalization and flexible accumulation continues to challenge counter-hegemonic forces to find new ways to aggregate dispersed groups into collective projects of transformation. Anarchist-inspired aversions to struggling for state power and the illusion of being able to “change the world without taking power”¹¹ are under heightened challenge. A radical response to the crisis from below lacks at this time a “postmodern prince” or political vehicles and concrete projects for reordering the world, a deficiency that the global justice movement seems to be more acutely aware of than before. At the close of a 120,000-strong meeting of the World Social Forum in Belem, Brazil, in January 2009, representatives from social movements from around the world declared:

We are facing a global crisis which is a direct consequence of the capitalist system and therefore cannot find a solution within the system. . . . In order to overcome the crisis we have to grapple with the root of the problem and progress as fast as possible towards the construction of a radical alternative that would do away with the capitalist system and patriarchal domination. We, the social movements, are faced with an historic opportunity to develop emancipatory initiatives on a global scale. Only through the social struggle of the masses can populations overcome the crisis. . . . The challenge of social movements is to achieve a convergence of global mobilization.¹²

The initiative seemed to pass in early 2009 from global elites to oppositional forces from below. Global elites meeting in January 2009 for the annual summit of the World Economic Forum in Davos, Switzerland, appeared to be rudderless—confused and divided, unable to come up with coherent solutions to the crisis, and on the defensive. In contrast, the 120,000 participants from the

11 J. Holloway, *Change the World Without Taking Power*, London: Pluto, 2005.

12 Declaration of the Assembly of Social Movements at the World Social Forum 2009, February 5, 2009, available at <http://www.globalresearch.ca> (accessed on April 5, 2009).

Belem World Social Forum meeting were clearly on the offensive. Could such a global mobilization from below push reformist-minded elites further to the Left, or even push beyond reformism? Popular forces from below need to convert counterhegemony into a hegemony within the gamut of social and political responses to the unfolding crisis. This hegemony must involve a radical critique of the crisis. Now is the time to move from opposition to neoliberalism to opposition to the mildly reformist proposals that do not challenge the power of the transnational capitalist class.

THE DANGERS OF NEO-FASCISM AND COLLAPSE

Nation-states will remain for the foreseeable future a fundamental terrain of battle amongst contending social forces. National states face spiraling fiscal and legitimacy crises. Managers of the capitalist state need to generate conditions for a reactivation of transnational accumulation, yet they also must respond to mass popular pressures from below. Many governments will likely collapse, as happened in Iceland in January 2009, as states find no way to manage the explosive pressures generated by the crisis. Global elites clearly were unable to counter the erosion of the system's authority. Might states turn to national protectionism in response to pressure from national constituencies to address the crisis? The integrated nature of the global production and financial system makes it difficult for it to be disassembled into national systems. Moreover, it is not in the interests of transnational capital to seal off any national territory, which would undermine the transnational circuits of accumulation that are based on vast and overlapping chains of suppliers and subcontractors across the globe and thoroughly transnational ownership and cross-investment of what appear in name alone as "national" corporations.

Apparently protectionist measures in late 2008 and early 2009 sought not to shield national capitals in rivalry with one another, as in the 1930s, but to bail out *transnational* capital within particular nation-states. National constituencies pressing for protectionism were not capitalist groups, which are transnational in character even when headquartered in one nation or another, but popular and working classes. US trade unions, for instance, called for a "buy American" provision to be included in the early 2009 US government bail-out of auto firms, while the US Chamber of Commerce and other business groups railed against

such provisions.¹³ Such labor protectionism may be progressive in some cases, but in others it is clearly chauvinist, such as in the United States and England, where it has been directed by privileged, largely white, sectors of the working class against immigrants. And it is this constituency that could form the social base for far-Right responses to the crisis. Crises of state legitimacy and vacuums in institutional power, in this regard, open up space not just for popular forces from below but also for the far-Right forces that compete with reformist and radical responses to crisis.

This proto-fascist Right seeks to fuse reactionary political power with transnational capital, to organize a mass base among historically privileged sectors of the global working class, such as white workers in the North and middle layers in the South, that are now experiencing heightened insecurity and the specter of downward mobility. The proto-fascist response to the crisis involves militarism, extreme masculinization, racism, the search for scapegoats (such as immigrant workers in the United States and Europe), and mystifying ideologies. The need for dominant groups around the world to assure widespread, organized mass social control of the world's surplus population and of rebellious forces from below gives a powerful impulse to a project of twenty-first-century global fascism. A twenty-first-century fascism could develop police states drawing on new sophisticated systems of surveillance and coercive and ideological control, and the mechanisms they make possible for controlling space and exercising more selective repression than we traditionally associate with early-twentieth-century fascism. Images of what such a political project would involve spanned from the late-2008-to-early-2009 Israeli invasion of Gaza and "ethnic cleansing" of the Palestinians, to the scapegoating and criminalization of immigrant workers in the United States, genocide in the Congo, the spread of neo-Nazis and skinheads in Europe, and the incipient breakdown of constitutional order under the George W. Bush administration.

Could global civilization collapse if one or another project is unable to impose its hegemony and stabilize the system? There are many historical episodes of collapse when civilizations are unable to resolve the contradictions that tear them apart.¹⁴ When no social

13 See P. Wallsten, "Liberals Watch Obama, and Worry," *Los Angeles Times*, February 16, 2009, p. A1.

14 See, for example, J. Diamond, *Collapse: How Societies Choose to Fail or Succeed*, New York: Penguin, 2005.

or political force is able to prevail and impose a stable system of domination, collapse has been the outcome. This was the case, for instance, with the collapse of the Roman and Mayan empires, several Chinese dynasties, and the Easter Island civilization. The current moment is distinct in that this time the collapse would be of global civilization. Ecological constraints also played a role in previous collapses. However, we face the prospects of a more far-reaching systemic implosion in the twenty-first century through ecological crisis—as suggested in peak oil and other resource-depletion scenarios, the spiral of species extinctions, and scientific predictions of a collapse of central agricultural systems in China, Australia, the US Midwest and other global bread-baskets in the coming decades. The ecological constraints to a resolution of the Global Crisis circumscribe the political possibilities for its resolution. Even if global capitalism could manage to stabilize in the next few years, a recovery would be ephemeral without a more fundamental resolution of the fundamentally unsustainable nature of the system. Sociologist Sing Chew has studied “recurrent dark ages” in world history, including mass dying, political chaos and a regression in levels of social organization and productive forces. He has warned that we face the possibility now of a “new dark age” on a planetary scale.¹⁵

CONCLUSIONS: WHO WILL PAY?

A crisis of overaccumulation means that the system's capacity for surplus absorption is exhausted and that a phase of the devaluation or destruction of capital surpluses has begun. In 2008 alone close to \$7 trillion was wiped out on Wall Street through such devaluation.¹⁶ The neo-Keynesian bail-outs and stimulus packages totaling trillions of dollars are financed by printing money. The resolution of one crisis will thus likely generate another—hyperinflation not unlike what Latin America experienced in the late 1970s and 1980s. This in turn is part of a more fundamental historical process, the “Thirdworldization” of the “First World,” in which the wealth concentrated at some poles of accumulation in the world is no longer redistributed downward locally towards

15 S. C. Chew, *The Recurring Dark Ages: Ecological Stress, Climate Changes, and System Transformation*, Lanham: AltaMira Press, 2006.

16 R. Merle, “Wall Street's Final '08 Toll: \$6.9 Trillion Wiped Out,” *Washington Post*, January 1, 2009, p. A1.

First World labor aristocracies. The Crisis is already resulting in a further concentration and centralization of capital worldwide, in hothouse fashion in the hands of the transnational capitalist class. This process was one of the great untold stories of the 1990s boom in the global economy.¹⁷ It has accelerated since the Financial Collapse; for instance, in 2008 alone, the eight great Wall Street financial houses became only four.

Historically, dominant groups attempt to transfer the cost of crisis onto the mass of popular and working classes, and in turn these classes resist such attempts. This is the global political moment. Unemployment, foreclosures, the further erosion of social wages, wage cuts, furloughs, reduced work hours, and mounting debt peonage are some of capital's transfer mechanisms. Unless there is effective resistance, global capital is likely to make permanent the further flexibilization of labor and other concessions it is wringing out of workers through the crisis. The bail-outs of transnational capital, particularly transnational finance capital, come at the expense of taxation on working classes and therefore represent in themselves a transfer of the devaluation of capital onto labor. Will popular sectors manage to forge a social solidarity of the oppressed, the exploited, and the subordinate majorities across ethnic and national lines? Dominant groups, especially in the heartlands of global capitalism, will try to aggravate existing national and ethnic hierarchies of labor, to scapegoat immigrants, unemployed black people, and so forth. Gary Dymiski has shown how mortgage lenders in the United States shifted from redlining African-American communities to engaging in predatory lending to them; that is, a move from racial exclusion to racial exploitation.¹⁸ Since the subprime collapse the dominant discourse attempts to shift blame to these African-American families as “irresponsible borrowers.” Similarly, anti-immigrant forces in the United States have shifted from a blatant racialist anti-Latino discourse to an economic discourse of “protecting citizens' employment.” These discursive shifts underscore that a major dimension of the battles to come is *whose* interpretation of the Crisis will prevail. How majorities in global society understand the threats to their security and survival will shape their social and political agency.

It is at times of crisis rather than equilibrium that space opens up for new ideas and for collective agency to influence the course

17 Robinson, *Theory of Global Capitalism*.

18 See Chapter 4 of this volume.

of structural change. We are entering a period of turbulence, upheavals, collapse of states, political vacuums and prolonged conflict. In my view, resolution of the Crisis must involve a radical redistribution of wealth and power downward to poor majorities. Social justice requires, at the minimum, reintroducing a redistributive component into the global accumulation process. This raises the question of what forces in favor of social justice can hope to achieve if and when poor people and popular sectors are able to win state power in particular countries, or at least to place into state agencies people who are responsive to their plight, aware of their needs, and willing to challenge the prerogatives of transnational capital.

Yet this brings us full circle—back to the issue of globalization and the question of what makes the early twenty-first century distinct from previous moments in the history of world capitalism. In this qualitatively new stage of global capitalism, there are clear limitations to reintroduction of a redistributive project at the nation-state level. It is not clear how effective national alternatives alone can be in transforming social structures and resolving the crisis. If the (capitalist) state as a class relation is becoming transnationalized then any challenge to (global) capitalist state power must involve a major transnational component. Struggles at the nation-state level are far from futile. They remain central to the prospects for social justice, to progressive social change, and to any resolution of the Crisis. But any such struggles must be part of a more expansive transnational counterhegemonic project, including transnational trade unionism, transnational social movements, transnational political organizations, and so on. They must strive to establish sets of transnational institutions and practices that can place controls on the global market and rein in the power of global capital as the first step in a resolution of the Crisis. An alternative to global capitalism must be a *transnational* popular project. The popular mass of humanity in its struggle for social justice must develop a *transnational* class consciousness and concomitant global political protagonism involving strategies, programs, organizations and institutions that link the local to the national, and the national to the global.

POLITICS