

Capitalist Globalization and the National State

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July 16, 2007

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Reading your symposium on Western Values and Total War, I am astounded that ...there is no discussion of national sovereignty as the bottleneck preventing a solution to the dilemma, and in fact creating and aggravating the dilemma....The symposiasts are discussing absolute dangers...and therefore it would be worthwhile to consider such merely relative 'losses' as renouncing sovereignty in various combinations and degrees... Naturally such proposals are literally subversive; they involve lowering the flag... The entire history of Western culture has to do with the motion among tribal, city, imperial, feudal, and national organization, and the dialectic of state-power and freedom. One is not giving up Western Values if one suggests that...it would be wise to give up the United States of America.

Paul Goodman (1962, pp. 53–54)

There seem to be many problems to which the sovereignty of the national state seems to be the bottleneck preventing effective solutions: not only war, but also ecological and environmental destruction, including the using-up of limited natural resources and of theoretically unlimited resources such as water. By themselves, war—particularly nuclear war—and ecological and natural catastrophe threaten the survival of industrial civilization, such as it is, and possibly of human—and all other—life on earth. Other threats include an increased gap between the rich nations and the poorer nations (which sooner or later must cause wars), the threat of worldwide economic collapse, famine over widespread areas, the loss of local cultures, the rise of new, internationally spread, diseases, and the rise of authoritarian and even fascist state powers, even in countries that have been relatively democratic. These are mostly threats, but they are real threats, not to be taken lightly.

There are those who reject the idea that the national state is a barrier to solving the world's problems. Some believe that the national state is already losing its significance because it is being undermined by the multinational corporations and by international institutions, such as the International Monetary Fund, the World Trade Organization, the World Bank, the European Union, international courts, and perhaps the UN. Many even see national sovereignty as a possible defense against these international organizations. To these people, national sovereignty is not a problem but a solution. This is widespread among the know-nothing right (which wants to keep out immigrants by stronger national borders). Such views are also found among the left and unionists who hope to get better environmental and job protection from a stronger US national government.

What actually is the influence of globalization on the states of the world? As I shall argue, it has contradictory effects, both strengthening and weakening national states, but overall requiring them. I shall argue that globalization is neither causing the state to disappear, nor is the state a possible shield against globalization. (My views are similar to those of Ellen Meiksins Wood, 2003, 2005.)

First, by globalization, I mean a stage in world capitalism in which there are more, and more powerful, international businesses. Using the latest technology, they are integrated and centralized on a world scale. There is more and faster world communication and transportation than ever before. The Internet, using global satellites, permits easy international communication, including control by corporation headquarters of production halfway around the world. Containerization has speeded up shipping across the land and sea. Industrial production, once concentrated in the so-called developed countries, is now spread also throughout Asia and Latin America (if less so

in Africa). Coming with this is the creation of an industrial working class on a truly international scale, also spread throughout these regions which were once almost entirely populated by peasants. The former “Communist” (state capitalist) countries have lost their relative autonomy and are now directly integrated into the world market (whether or not a Communist Party remains in power in particular countries).

This is a new stage of the world economy. But it is not a brand new type of international society. It is a further development of imperialism, which in turn was a further development of capitalism. Globalization continues to have the basic dynamics and contradictions of capitalism, its strengths and weaknesses, and its need for national states.

Capitalism is an economic system of commodity exchange. Goods are commodities, that is, they are produced to be exchanged for money in some form. Services are also commodities if they can be sold. Yet capitalism is more than a market (following the analysis of Karl Marx; I am not a Marxist but I believe that there is a great deal in Marxism which is useful to anarchism). There have been markets before capitalism, sometimes quite widespread, under slavery, feudalism, or absolutism. What was new about capitalism was that its workers also sold commodities, namely their ability to labor for a time under the direction of the capitalists (or the agents of the capitalists). Owning no land or tools (unlike free peasants or craftspeople) and not being owned (unlike slaves or serfs), the workers are free—free of property, free to make contracts, and free to starve. Therefore they must sell their labor-power (ability to work) as a commodity, for money, in order to buy the commodities they need (and which the workers as a whole produced). The capitalists buy this commodity labor-power, not to get back only what they have spent, but to get back more than they spent, to make a profit. The capitalists intend to get the workers to produce more in financial value than the capitalists spent in hiring them. The capitalists also want back more than they spent on raw materials, machinery, etc., but the workers are the only dynamic part of the process, the only part which can produce new value. Only the workers produce more than they are paid, a greater value than their labor-power is worth. Then the capitalists can take the newly produced commodities to the market, hopefully sell them, and turn them into a new and greater sum of wealth, at which point the cycle begins all over again (actually it is continuous). As slave owners extracted a surplus of goods out of their workers, and as feudal lords extracted a surplus of goods from theirs, so the point of capitalist production, for the capitalists, is to extract a surplus of salable commodities (surplus value) from their workers. The essence of capitalism is this capital-labor relationship, which is the exploitation of the workers by the capitalists.

While capitalism has undergone many changes over its approximately two hundred years, the essence remains the same. If anything, society is more commodified than ever before. There is hardly a thing, a service, a quality, or a value which has not been put up for sale. Tribes of salespeople and entertainers sell their abilities to relate to others, to smile and be pleasant. Scientific research is sold to the highest bidder. Life forms become patented organisms. Due to globalization, patents are now enforceable almost everywhere, so that countries riddled with plagues dare not make cheap medicines whose patents are owned by the rich in faraway nations.

Meanwhile, the working class (the industrial and non-industrial proletariat) has burgeoned on a world scale. Cities have spread in vast conurbations—including working class slums, air and water pollution, and gated communities of the very, very, rich. These new working classes are available to work in factories at subminimum wages, making commodities to be sold on the other side of the earth. Never has there been such an internationalization of the proletariat. Meanwhile

capitalists move their industries from the more expensive labor of the industrialized nations. They leave behind deindustrialized wastelands where few goods are produced and many compete for the low-paying service industry jobs.

This does not mean that we live in some postindustrial or postcapitalist society, as some imagine. The people of the U.S.A., for example, still wear, drive, play with, eat, and otherwise use, goods which can be touched and consumed. These hard goods are still commodities. Someone had to make them, through the process of physical labor (even services require physical labor). The goods may have been made in the U.S. or in Bangladesh, but the producers are still workers (workers by hand or brain, as the socialist slogan had it). They are still hired by capitalists, probably by U.S. capitalists, and they are still exploited. Most U.S. people still live by selling their ability to labor to capitalists. Some may be waitresses and some may be white collar so-called professional employees and some may be a dwindling number of U.S. industrial workers, but they are all workers and still exploited. Neither in the U.S. nor on a world scale has the capital-labor relationship ceased to be at the center of economics. Globalization remains capitalist.

Imperialism

Around the end of the nineteenth century, capitalism entered a new phase, one which Lenin was to call imperialism (Brewer 1990). (The term may have been justified because of the new growth of capitalist empires. However, there had been empires from the very beginning of capitalism, such as the pre-industrial British and French empires, and there had been pre-capitalist empires, such as the ancient Roman and Chinese.) Two things were notable about this period. One was the growth of big firms, through the process of what Marx had called concentration and centralization. There were corporations, trusts, cartels, and other forms of economic mergers. They were so big that they came to dominate particular industries, creating de facto monopolies (whether they were one or a small number of companies). Such monopolies and semi-monopolies came to dominate national, and even international, economies. Big business and the big banks tended to intertwine. The states became deeply involved in their economies, underwriting them, protecting them, and coordinating them, as well as developing some degree of state ownership in ways which supported the rest of the capitalist enterprises. Lenin, Bukharin, and others called these developments monopoly capitalism, finance capitalism, and state monopoly capitalism.

These tendencies are fully in existence in modern globalization: the enormous growth of big business, on national and international scales; the continuing melding of the major corporations with each other and with the banks; and the further government intervention in the economy. This last may seem to be decreasing, with the growth of privatization, deregulation, and the collapse of statist Communism. However, the use of financial and tax measures to affect the economies has not decreased at all. Neither has government spending, especially military spending in the U.S., by which the government concentrates the national wealth and subsidizes a select group of powerful semimonopolies.

The other notable tendency of the period was the carving up of the world into colonies officially owned by the industrialized nations: the empires. The major firms of the imperialist countries used their colonies as sources of raw material, as protected markets for consumer goods, and as places for investment of capital, building up industries in the colonies and exploiting their workers. Enormous profits were made. These profits were used to build up the political and military

forces of the imperial states. They were also used to give some benefits to a layer of the working classes in these countries. By the beginning of the twentieth century the whole world was divided up. German big capitalists were among the most productive in the world, but they came late to imperialism and were shut out of much of the world by the British. German capitalists, military leaders, and politicians resented this and resolved on a program of war (World Wars I and II).

This aspect of imperialism may seem to have changed with the end of the colonial empires by the late sixties. However, this is a superficial aspect of imperialism (Brown 2004). The U.S., for example, never owned most of its empire in Latin America. In Africa and Asia, former colonies achieved legal independence, with their own governments, armies, and flags. Yet, the world is still divided into a small number of wealthy nations which dominate and exploit a large number of poorer nations (D'Amato 2001). This has been called neocolonialism. The main industrialized, world-dominating, imperialist countries are the U.S., the nations of Western Europe, and Japan, with Russia as a weaker imperialist (with lower productivity but large territory). More accurately, Russia is in the second rank of imperialist countries, along with Canada, Australia, and Italy. These have been the major powers since before World War I, throughout the Cold War, and now in the era of globalization. There has been an increase in industrialization in peripheral countries, such as Brazil, South Africa, Saudi Arabia, South Korea, Taiwan, India, and China. So far this development, while significant, remains one-sided and uneven, with modern industry side-by-side with vast poverty and backwardness. For example, China has greatly increased its productive industry, but it has been running into bottlenecks due to energy shortages, which have caused severe pollution. Theoretically, decades of prosperity would cause such countries to become modernized capitalist countries, but will capitalism have such decades?

The very rich of the oppressed nations participate in the world economy of globalized capitalism. But this remains dominated by the capitalists of the old imperialist states. Of the 100 largest world corporations, all are based in the imperialist countries, except for Venezuela's state-owned oil industry. Globally, the flow of wealth is mostly from the South to the North, through debt, trade, and investments. Globalization, then, is the latest stage of imperialism.

In the period leading up to, and during, World War I, certain leading socialists in the imperialist countries drew satisfying conclusions from the described tendencies. The British Fabians and the German Revisionists concluded that the tendencies toward big business and government intervention in the economy led to possibilities for social peace and progress. These tendencies, they concluded, would gradually and inevitably lead toward socialist-type reforms, stronger unions, greater social welfare, more government ownership, and improved economic planning. Meanwhile, Karl Kautsky, the leading orthodox Marxist, drew similar conclusions about international capitalism. He developed the theory of Ultra-imperialism. He expected the international corporations to make further deals across national borders, nonviolently cooperating and creating world peace. These concepts of peaceful imperialist development are similar to illusions held by many in current globalization. Empirically, the period described was followed by World War I, the Russian revolution, the shallow boom of the twenties, the Great Depression, the rise of fascism, the rise of Stalinism, and World War II—not a record of peaceful, progressive, prosperity.

Recently the theory of Ultra-imperialism has been revived, in effect, by Hardt and Negri, in their book *Empire*. "...In step with the processes of globalization, the sovereignty of nation-states, while still effective, has progressively declined...Our basic hypothesis is that sovereignty has taken a new form, composed of a series of national and supranational organisms united under a

single logic of rule....The United States does not, and indeed no nation-state can today, form the center of an imperialist project. Imperialism is over.” (2000, pp. xi-xiv) This was written shortly before the U.S. invasion of Iraq. Rarely has a thesis been so rapidly disproven by events.

In the area of economic cooperation and merger, capitalism has a fundamental contradiction. There is a strong tendency toward centralization and socialization. Modern technology gets more complex, some capitalists win out in competition with others, and there is an increased need to organize to hold down the workers. At the same time, there is a strong countervailing tendency toward competition and conflict. In fact, a major purpose of increased centralization is to improve the ability of capital to compete with other capitals. Competition causes monopoly and monopoly causes further competition. Capitalism is built around internal conflict: most fundamentally conflict between classes, but also, importantly, among fragments of capital which tend to repel each other. Big corporations compete with each other. Monopolistic industries compete (aluminum versus steel). Big corporations break up into smaller units for efficiency. They create rings of smaller businesses to serve them. All capitalists are out for themselves. They focus on their own interests and do not take a collective overview. So capitalism pulls together and flies apart. The greatest example was the Soviet Union and China.

Under the force of revolution and counterrevolution, completely satisfied capitalism was created in these countries (still capitalism, because they hired workers to produce commodities). Yet even they eventually came apart into separate, plural, capitals. Multinational corporations come into existence to improve their ability to compete on a world scale, not for world cooperation.

The National State

This creates the need for the national state. Capitalist society is constantly under threat of flying apart from its internal conflicts: between classes, between genders, between races, and among competing capitals. The capitalist state exists to hold all this together, like the iron hoops on an expanding barrel. The state is a socially-alienated, bureaucratic-military machine, which stands over the rest of society. At the core of the state is its specialized layers of armed people—the military, the police, and the prison guards—and the specialized, professional politicians who make the laws which the former enforce with guns and clubs.

The state does not do this in the interest of all of society; it serves the most powerful sector of society, that is, its capitalist class. There is a claim that globalization has made the national states weaker because they cannot discipline the increasingly powerful multinational corporations. This misses the point. The state exists to serve these corporations. At home the state provides them with a stable society, with controls on the working class (limits to the class struggle). When the corporations invest abroad, those countries also provide them with states which maintain a so-called proper investment climate. Since there is no world state, the international businesses need the states to negotiate for them, to establish rules for trade and investment without which international capitalism would be difficult. Ultimately the capitalists need the military muscle of their state behind them, to make sure that their interests are taken into account. War is the final form of international capitalist competition. Theoretically, perhaps, the big corporations could hire military forces themselves. But few would want to die for Big Oil. People are willing to fight and die for their country (as they see it), represented by their national states—and really serving Big Oil.

Nor have multinationals really lost their national basis. Almost all keep their headquarters and key personnel in their country of origin. This is mostly true even in the European Union, where the leading countries are closely aligned. A true multinational, a business without a national state behind it, would be at a disadvantage on the world market.

The states are not just military machines. They are also economic forces. The thirties demonstrated that Keynes was right: it was possible for capitalist economies to stabilize at the low level of a major depression. Without state intervention, capitalism would have collapsed by now. From the origins of U.S. capitalism, for example, the state has intervened, with tariffs, a national bank, and internal improvements in transportation. Today, its major industries are subsidized through military spending and bailouts. Meanwhile, the lower layers of the working class are (or were) kept quiet through pitiful welfare measures.

The rulers of the poorer, oppressed, nations have tried to protect their economies through their states. On the one hand, they use their states to hold down their workers and make their countries more attractive to imperialist investors. On the other, they try to use their states to negotiate better deals with the powerful corporations and governments of the imperial centers. Some of them have been able to get better arrangements. Most have been forced to give in when faced with the IMF, the World Bank, international patent laws, and the might of imperialist armies. But the capitalists of these countries, too, dare not give up their national states, lest they stand completely naked before world imperialism.

Modern globalization, then, is not a new form of world society. It is a form of imperialism, which is a stage of capitalism—still based on the exploitative capital-labor relationship. It does not lead to international cooperation. Instead international monopoly causes further competition, which causes further monopolization, and so on. It has not abandoned the need for sovereign national states. Rather it needs these states. Globalized capitalism goes hand-in-hand with national states, their wars and their internal repression.

This analysis has several conclusions, as I see it. One is that the evils of globalization—world poverty, ecological destruction, destruction of first peoples, etc.—can not be cured by fixing the WTO. This is not to deny that reforms can be won. Militant mass struggles which threaten the capitalists and their states can force better treatment of first peoples and better conditions for workers in Asian sweatshops. But ultimately the problem is not one of trade being free, fair, or unfair. The problem is rooted in the very process of production, in the capital-labor relationship. Capitalism is driven by competition and exploitation to oppress its workers and to ravage the earth. This will continue until capitalism is replaced by a classless society, where production is cooperative, democratically managed by workers and consumers, and motivated to make useful goods, not profitable commodities: socialist-anarchism.

Another conclusion is the importance of the international working class created by international capitalism. It must be at least one of the major forces for getting rid of globalized capitalism. Getting rid of a system of exploitation requires the activation of those who are exploited. Creating a classless society requires the mobilization of the most exploited class. The international working class has the strategic power to stop capitalism, by ceasing to work for it, and the potential power to start society up on a new basis, by working in a different way. Whether the workers will do this is another question. If they do not, then there will not be an anti-capitalist revolution. No one else has the strategic power to substitute for them.

There are forces in capitalism pushing in different directions. The system tends to buy off the better-off workers and to demoralize the worse-off workers. Yet there are also forces in capitalism

which push workers in a revolutionary direction. It has been argued (Bookchin 1986) that a working class is most likely to be revolutionary when it is new, recently recruited from rural society, and still has roots in peasant communities. This was the case, for example, with the Russian workers in 1917 and the Spanish workers in 1936. This is also the case right now for the workers in Asia, Africa, and Latin America.

A third conclusion is that the national state must go. It is part and parcel of the system of globalized capitalism. Contrary to various reformists, one cannot be ended without getting rid of the other.

What should replace it? Many have proposed a world state. This usually implies that existing states would be willing to peacefully give up sovereignty and let an outside power intervene inside their territory. That is highly unlikely. In any case, this would not end international wars, except that they would now be called civil wars (or revolutions, or wars of national liberation). They would be just as bloody. To end wars, it will be necessary to end the cause of wars, namely international competition among nationally-based capitalists. Once this is ended, a world state would not be needed (any more than a transnational state is needed to keep the U.S. and Canada from fighting). On the other hand, Marxist-Leninists have long advocated a worldwide centralized economy, planned by a worldwide centralized state, and run by a worldwide centralized party. Eventually the state would supposedly wither away, and maybe the party also, but the internationally centralized planning apparatus would remain—a monstrous bureaucratic nightmare, as unlikely to be implemented as it would be inefficient to operate.

In fact, much of the international centralization of multinational corporations has nothing to do with productive efficiency. They have clothes for the U.S. sown in Bangladesh, but not because U.S. people do not know how to sew. It is the cheapness of the Bangladeshi wages that attracts them. They have mergers and reorganizations for financial and tax purposes, quite aside from increased productivity. They make sure that they own raw materials which, if owned by the local people, would certainly be sold to the world, if not at the prices they want. Meanwhile, the internet makes possible a centralized control of a world business empire from one, central, office—or a decentralized coordination from below by many cooperating workplaces around the world. With modern technology, every region on earth is capable of providing the necessities of life for its population.

Repeatedly, revolutions have overthrown existing bureaucraticmilitary states, at least for a while, or at least threatened to (Bookchin 1996). And repeatedly, the revolutionary populations have set up an alternative of popular councils: workplace and community assemblies, run by direct, face-to-face, democracy. These have been federated by elected councils (such as the original Russian soviets), with delegates subject to recall by their electors. And these have federated into ever wider, more inclusive, systems. Specialized layers of police and military have often been replaced by an armed people, a popular militia. Such institutions took over such functions of the state as social coordination, defense of the territory against counterrevolutionary armed forces, defense of individuals from antisocial actors (so long as these were still necessary). The state could be replaced by a system of federated councils, rooted in assemblies with direct democracy, and capable of federating to cover the world—although regional federations are likely to be more coordinated and tightly-knit than worldwide ones. Special international agencies could be set up to handle specific tasks, such as sending relief to famine-stricken regions, or coordinating international scientific congresses. What is necessary—and possible—is not the end of all social

coordination, or even of all coercion, but the end of socially alienated, bureaucratic-military machines standing above society.

Globalization, then, is not a brand new type of world order, nor does it promise any movement toward peace. It is the further development of capitalist imperialism. It is part of the continuing dialectic of capitalism, from competition to monopoly to competition on an ever larger scale. It foreshadows more wars and other disasters. Rather than undermining the national states, it depends on them, as launching platforms, protectors of the home base, and international negotiators. If the evils of globalization are to be avoided, then capitalism and its national states must be done away with.

Fortunately this system is not unopposed. The U.S. invasion of Iraq has failed, due to the resistance of the Iraqi people (despite the bad politics of the resistance's leadership), which has interfered with U.S. plans for solidifying globalization. The system has created a truly international working class, on every continent, at the heart of the process of production, with the potential for a different kind of reorganized world, one without national borders or states.

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- Wayne Price has recently published a book, *The Abolition of the State: Anarchist and Marxist Perspectives* (AuthorHouse, 2007).

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Retrieved on 22nd July 2021 from www.utopianmag.com
Published in *The Utopian* Vol. 6.

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