

INTERNATIONALIZATION OF CAPITAL, GLOBALIZATION, AND  
THE STATE

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## **ABSTRACT**

### **INTERNATIONALIZATION OF CAPITAL, GLOBALIZATION, AND THE STATE**

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In this thesis, the relation between the internationalization of capital and the national state in the context of globalization is put under critical scrutiny. Elucidation of the dynamics of the globalization process constitutes a crucial significance for the understanding of the contemporary transformations in the capital accumulation and the state. It is aimed to propose a conceptual framework to transcend the dualist comprehensions between the political and economic, capital and the state, and global and national that are widespread within the analyses of globalization. It is asserted that dualist conceptualizations obscure the elucidation of the underlying social relations that pave the way for the internationalization of capital. It is argued that a relational perspective, which emphasizes the social relational character of the state and capital, can explicate the contradictory unity of the political and economic by conceiving these phenomena as forms of presence of the capitalist relations of production. It is claimed that a relational perspective provides a fertile framework of analysis for the elucidation of the process of globalization by overcoming the juxtaposition of the global capital and the national states through the argument that they exist in and through their internal relations within the capitalist relations of production. It is proposed that, the internationalization of capital should not be conceived as a recent phenomenon, but as an incessant process reconstituted through different forms beginning from the historical constitution of the capitalist relations of production.

Furthermore, a relational perspective, which conceives the international system of national states not as in opposition to the international capital accumulation but as an indispensable internal part of it, is proposed. In the thesis, neo-Gramscian analyses, the regulation school and the relational approaches are critically examined in terms of their conceptualizations of the relations between the political and economic, capital and the state, and global and national. It is intended to propose a conceptualization that enables the elaboration of the continuity and unity of the internationalization of the capitalist relations as well as their differentiation and uneven development.

Keywords: Globalization, Dualism, Internationalization of Capital, Relational Approach, State – Capital Relation

## ÖZ

### SERMAYENİN ULUSLARARASILAŞMASI, KÜRESELLEŞME VE DEVLET

Günay, Sedat Ilgaz

Yüksek Lisans, Siyaset Bilimi ve Kamu Yönetimi Bölümü

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Bu tezde, küreselleşme bağlamında, sermayenin uluslararasılaşması ile ulus devlet arasındaki ilişki eleştirel bir incelemeye tabi tutulmuştur. Küreselleşme sürecinin dinamiklerinin açıklanması, sermaye birikimi ve devletin geçirdiği güncel dönüşümlerin anlaşılması için önem teşkil etmektedir. Küreselleşme analizlerinde yaygın olarak görülen siyasal ile ekonomik, sermaye ile devlet ve küresel ile ulusal arasındaki ikicilikleri aşmak üzere kavramsal bir çerçeve önermek amaçlanmıştır. İkinci kavramsallaştırmaların sermayenin uluslararasılaşmasına yol açan temel toplumsal ilişkilerin açıklanabilmesini zorlaştırdığı öne sürülmüştür. Devlet ve sermayenin toplumsal ilişkisel niteliğini vurgulayan ilişkisel yaklaşımın, siyasal ve iktisadi olanın çelişkili birliğini, bu olguları kapitalist üretim ilişkilerinin aldığı varoluş biçimleri şeklinde düşünerek açıklayabileceği savunulmuştur. İlişkisel yaklaşımın, küresel sermaye ile ulus devletin içsel ilişkiler içerisinde ve bu ilişkiler yoluyla kapitalist üretim ilişkileri içinde var olduğu savı üzerinden açıklama yoluna gidip, küresel sermaye ile ulus devletlerin karşı karşıya getiren yaklaşımları aşarak küreselleşme sürecinin açıklanması için verimli bir analiz çerçevesi sağladığı ileri sürülmüştür. Sermayenin uluslararasılaşmasının, yeni ortaya çıkan bir olgu olarak değil, kapitalist üretim ilişkilerinin tarihsel kuruluşundan itibaren farklı biçimler içinde aralıksız yeniden yapılandırılan bir süreç olarak düşünülmesi gerektiği öne sürülmüştür. Ayrıca, uluslararası ulus devlet sistemi, uluslararası sermaye birikimine karşıtlık içinde değil, tersine onun içsel bir parçası olarak gören bir ilişkisel çerçeve önerilmiştir.

Bu tezde, yeni-Gramscigil çözümler, düzenleme okulu ve ilişkisel yaklaşım siyasal ile ekonomik, sermaye ile devlet ve küresel ile ulusal arasındaki ilişkileri kavramsallaştırmaları açısından eleştirel olarak ele alınmıştır. Kapitalist ilişkilerin uluslararasılaşmasının bütünlük ve sürekliliği ile birlikte farklılaşma ve eşitsiz gelişimini de açıklamayı mümkün kılacak bir kavramsallaştırmayı öne sürmek amaçlanmıştır.

Anahtar Kelimeler: Küreselleşme, İkicilik, Sermayenin Uluslararasılaşması, İlişkisel Yaklaşım, Devlet – Sermaye İlişkisi

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## LIST OF ABBREVIATIONS

<b>FDI</b>	Foreign Direct Investment
<b>G7</b>	Group of Seven Developed Countries
<b>G20</b>	Group of Twenty Finance Ministers and Central Bank Governors
<b>IMF</b>	International Monetary Fund
<b>KWNS</b>	Keynesian Welfare National State
<b>OECD</b>	Organization for Co-operation and Development
<b>SWPR</b>	Schumpeterian Workfare Post-national Regime
<b>TNC</b>	Transnational Corporation
<b>TNS</b>	Transnational State
<b>WB</b>	World Bank
<b>WTO</b>	World Trade Organization

## CHAPTER 1

### INTRODUCTION

Even after four years of continuous global recession following the 2008 crisis, remarkable number of scholars and politicians following mainstream neoliberal, neoclassical or neo-institutionalist persuasions, resume attesting that globalization of economy “is a good thing, and is not reversible” so that everyone may “capitalize on opportunities from globalization while minimizing the costs” (Guardian, 2012, January 26). From its first spread in the academic and political debates in the early 1990s, the term ‘globalization’ has not lost its reputation as one of the most widely used concept to explicate the socio-economic transformations of the 1990s and 2000s. Globalization is defined as the ‘intensification’ and ‘stretching’ of ‘transplanetary’ or ‘supraterritorial’ socio-economic and political connections and networks that link people so as to produce widely shared experiences ‘in distant regions of the globe’ (Giddens 2003: 60; Held et al. 2003: 67; Scholte 2005: 8). The process of globalization is purportedly constituted by the ‘deterritorialized’ or ‘denationalized’ activities of technology, communication, information, production, trade, finance, and even of culture, ideology, and religion (Scholte 2005: 49; Sassen 2003: 14). In the 1990s and early 2000s, concomitant to ‘denationalization’ process, proponents of globalization (globalists) argued for the irreversibility of globalization through which global market economies could operate rationally and efficiently without government mechanisms in the absence of intervention of the national states. However, after the 2008 global capitalist crisis, although globalists maintain the irreversibility of socio-economic transformations brought in by globalization of market economy, finding a way to regulate and govern the global markets seem to be attracting serious concerns within the rank of globalists (Woods 2010; Baker 2010; Goldin & Vogel 2010). Thereby, as successive G20 summits since 2008 could not come up with any considerable solution to the crisis of capitalism, globalists appear to have right to concern about the governability of global capitalism (Woods 2010).

In the wake of capitalist crisis, the globalists' pessimism about governability or sustainability of globalization denotes the importance of a discussion of the processes and repercussions that are attributed to globalization. The unprecedented increase in the integration of commercial, financial, and industrial activities across the globe seemingly entail significant transformations in the socio-economic relations. However, for a critical analysis, it should be approached in suspicion why the process of globalization would engender an irreversible reality so as to entail the end of national processes and of state interventions. Therefore, in order to understand the contemporary transformations in the capitalist social relations, the extensive analyses of the process of globalization should be approached critically so as to provide a historical account of the process.

The proliferation of globalization studies in the 1990s corresponds to the conditions of post-Cold War world order and of encompassing of the almost all spheres of social activity by the neoliberal market ideology. The end of Cold War and the dissolution of the Soviet regime allegedly proved the triumph of liberal market order over totalitarian regimes so that the international environment was no more dominated by the conflicts and rivalries between national states (Gilpin 2001: xi). Moreover, the preponderance of neoliberal policy orientation, which was initiated in the 1980s but culminated in the 1990s, facilitated the global movements of capital, goods, services, and people, and diminished the role of the state in the economy through the privatization of public enterprises; the liberalization of controls over capital and trade flows; and the deregulation of capital, commodity and labor markets (Gilpin 2001: xi; Scholte 2005: 40). Consequently, many proponents of globalization extolled the advantages that neoliberal market ideology was supposed to bring about to societies. These advantages were based on a liberal individualist belief that in the absence of state intervention, markets, left to its own mechanisms, allocate resources efficiently at the global level so that everyone would prosper, the inequalities would be overcome, the order would prevail, and democracy for everyone would be provided. Thereby global capitalist economy was not a process to be contested but

to be accustomed to and attached to its mechanisms for increasing prosperity (Ohmae 2005: 199).

The process of globalization was precipitated by the transcending of national scales by the economic activities through the rise of information and communication technologies, the development of the global financial systems, the emergence of new forms of production, and the concomitant rise of structural powers of transnational corporations and banks. The rise of information and communication technologies accelerated the mobility of capital and goods enormously, and augmented the interdependencies between economic actors around the globe (Gilpin 2001: xi). Technological changes rendered the state intervention impotent in the wake of global market forces so as to denote a “shift in the state-market balance of power” (Strange 1996: 7; Sassen 2000: 19). The increasing pace of financial transactions enabled the construction of a ‘global financial structure’ in which capital can move for a higher ‘returns on investment’ anywhere on the globe ‘in a matter of seconds’ (Ohmae 2005: 199; Strange 1996: 10). Moreover, the financial movements were no more dependent on the dynamics of the ‘real’ economy. The activity of production was also fundamentally altered with the rise of new flexible processes of production and with the increasing global interdependent production that concurrently links various locations. The new forms of production were also determined by the advances in the information and communication technologies and they were labeled as the ‘knowledge-driven’, ‘service’, ‘post-industrial’, or ‘network’ economy (Ohmae 1995: 60; Scholte 2005: 23). The transnational corporations (TNCs) and financial capital became fundamentally footloose and overcame the jurisdictions of national states and thus acquired significant powers and capabilities (Strange 1996: 44). Concomitantly, the rise of global market economy underscored that the power of private capital became more ubiquitous than that of the national states in the determination of “key economic variables (production, prices, wages, and interest rates)” in industry, finance, and trade (Held and McGrew 2003: 20; Strange 1996: 4).

According to globalists, before the era of globalization, the economic and political activities had been mainly determined within the national jurisdictions and by the national states (Ohmae 1995: 4; Strange 1996: 59). However, in the wake of globalization, the scales of economic and political processes and powers no more corresponded to territory of the national state; they were realized ‘beyond’ and ‘across’ the national boundaries (Sassen 2003: 6; Held and McGrew 2003: 26; Ohmae 1995: 20). The upshot of globalization of market forces was that the national scale became irrelevant in a ‘borderless world’ and the social processes increasingly became ‘denational’, ‘deterritorial’, ‘supraterritorial’, or ‘transnational’ (Ohmae 1995: 5; Sassen 2003: 14; Scholte 2005: 61). Indeed, the globalists proposed a methodological shift for abandoning any emphasis on national scale in the analysis of social, political and economic phenomena, for these were fundamentally transformed and no longer confined to primacy of any scale (Held and McGrew 2003: 8; Ohmae 1995: 20; Scholte 2005: 27; see Rosenberg 2005: 2 for a critic).

Technological developments in industry, finance, and trade and the deterritorialization of socio-economic activity in the wake of globalization purportedly rendered the national state ‘unnatural and even dysfunctional unit’ for the regulation of the global economy (Ohmae 1995: 42). Various terms were put into circulation in the globalist studies to denote the weakening of the national state, such as the ‘hollowing out’, ‘withering away’, or the ‘demise’ of the state (Held 1995: 233; Held and McGrew 2003: 34; Scholte 2005: xiv). Supposedly, the national state power was reduced to following the requirements of global capital so as to its power’s fundamental aspects, its autonomy and sovereignty, were increasingly questioned (Sassen 2000: 29; Held and McGrew 2003: 14). The entrenched hierarchy between the national state power and the private (market) forces were fundamentally reconfigured in favor of the latter. This transformation was precipitated by the rise in the power of ‘non-state centered’ private actors and proliferation of scales – local, regional, supranational, cross-national, or global - at which activities of private actors occur (Sassen 2000: 19; Scholte 2005: 24).

The pre-eminent forces among the ‘non-state’ actors were attributed to transnational corporations (TNCs) or transnational capitalist class (Strange 1996: 44; Sklair 2009: 85). TNCs purportedly exerted more pertinent effects on the making of policies at the supranational organizations than the individual national states, and these policies were most of the time directly inserted into national state legal and executive structures (Strange 1996: 4). Moreover, private actors also shared most of the responsibilities in the policy making processes of sub-national regional or local scales. For globalists, the processes of co-operation and collaboration between private and public authorities in the policy making demonstrated the rise of ‘global governance’ structures, which denoted the nascent forms of institutionalization of global market economy (Strange 1996: 13). In the 1990s, among the globalist currents, it was very widespread that the optimism about the sustainability of a global market economy with its own dynamics (Ohmae 1995; Strange 1996); and about the democratic advantages of ‘global governance’ mechanisms brought in by globalization to the extent that democracy was equated to the absence of state intervention (Sassen 2000: 21). Consequently, as Held (1995: 228) argued, the rise of global market economy introduced the conditions for a ‘universal community’ which, in turn, paved the way for the real possibility of a ‘cosmopolitan democracy’ at the global level.

In the 2000s, the debates and analyses on the globalization of market economy significantly diminished. This is not because the arguments about the global economy were falsified, but there was a broad acceptance – not least among the widening circles of globalists but also among the neo-institutionalists, neo-Keynesians and many Marxist approaches – about the resilience of global economy (Ohmae 2005: 199; Scholte 2005: 42). However, the 2000s experienced the culmination of a different debate on globalization concerning its severe contradictions, crisis-ridden dynamics, and thus its regulation or ‘governance’. It was acknowledged that in the era of global economy, crises were assuming the form of ‘breakdowns in an entire system’, and worse still they were more frequent than the previous periods of capitalism (Goldin and Vogel 2010: 5). Furthermore, it became evident that the systemic crises and highly speculative movements of capital within the global market economy were not guaranteeing the higher life

standards, but causing the great inequalities, and decreasing democratic accountability and standards (Scholte 2005: 42-43). Consequently, the need for global governance mechanisms was urgent and crucial in so far as it was widely accepted that the national governments were incapable of regulating the global market economy (Held and McGrew 2003: 26-27). Concomitant to the incorporation of social democratic politics into the neoliberal market ideology, the globalists sought to promote a new form of globalization which would be governed by 'public-private partnerships' and be 'a socially progressive capitalist economy' (Ohmae 2005: 200; Scholte 2005: 43). The new purpose was to 'tame' global capitalism with new 'multi-scalar' governance mechanisms which would provide "public participation and public accountability" (Scholte 2005: 25, 43). However, for the proponents of globalization, after the crisis of 2008, the possibility of the global governance mechanisms which would institutionalize the regulation and sustainability of global markets appears to be an unlikely contingency (Baker 2010: 647; Goldin and Vogel 2010: 9; Woods 2010: 51).

Extensive criticisms to the globalist theories came from the institutionalist and Keynesian political economists who mainly argued that the international economy continued to be constituted by the economic transactions between autonomous national units and the national state retained its traditional powers to regulate and control the capitalist economy (Evans 1997; Hirst and Thompson 2003a; Wade 1996; Weiss 1997, 2003)<sup>1</sup>. Skeptics claimed that assertion of globalization as a trans-national phenomenon which invalidates the significance of national economies and national states was a 'myth' (Hirst and Thompson 2003a: 98; Weiss 1997). They grounded their arguments on the statistical evidences about the extension of trade, production, investment, and finance beyond national boundaries and concluded that the movements of these activities retained their 'inter-national' character as ever in the history of capitalism (Hirst and Thompson 2003a: 101; Wade 1996: 61). Moreover, they also challenged the globalists' view of globalization as an 'epochal shift' in the organization of societies by attesting that according to statistical analyses the international economy was more open

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<sup>1</sup> These institutionalist and Keynesian scholars are called 'skeptics' for their critical approach to globalization theses by Held and McGrew (2003).

and integrated in the liberal period from 1873 to World War I in 1914 (Hirst and Thompson 2003a: 98; Weiss 1997: 7).

As for the economic statistics the skeptics argued that trade and foreign direct investments continued to comprise small proportions of gross domestic products (GDPs) of many advanced and developing countries. Moreover, the biggest proportion of international trade and capital flows occurred between advanced triad regions - North America, Europe, and East Asia - far from encompassing the whole globe (Evans 1997: 67; Wade 1996: 70; Weiss 1997: 11). On the issue of changing character of production and thus corporations, the skeptics countervailed by asserting that most of the so-called transnational corporations (TNCs) retained their home bases not only for strategic activities of management, finance, and research and development, but also for many of the production activities (Hirst and Thompson 2003a: 105; Wade 1996: 61). The reason behind this was that corporations were dependent on their ties with the governments and also other institutions like trade unions for favorable conditions, and their mobility was further limited by the fact that their accumulated institutional and organizational capacities were based in their home countries (Wade 1996: 80; Weiss 1997: 10).

The skeptics defended the continuing methodological primacy of the domestic or national institutional frameworks (Weiss 2003: 4). They argue that the economic and political development of a nation is functional to the development of its economic and political institutional structures, processes, and organizations (Weiss 1997: 4). Not only national trajectories, but also developments in the international economy are purportedly constructed by the power relations between national states, especially by the advanced states (Hirst and Thompson 2003a: 101). The real outcome of globalization process was that neoliberal ideology became dominant policy agendas of national governments so as to hinder the economic development opportunities and industrial policies and to promote the speculative financial markets (Weiss 1997: 4, 14). However, for the skeptics, the national state retained its regulatory role and dual responsibility for providing 'social protection and industrial governance' (Weiss 2003: 293). Thus, the national states, by adopting new industrial strategies, would reverse the

globalization process and resume its traditional powers of control and regulation on the economy (Hirst and Thompson 2003a: 99; Weiss 1997: 15). In short, against the arguments of globalists, the skeptics proposed a methodological nation-centrism, which take the independent and autonomous national units as the constitutive elements of social life with peculiar frameworks of political and economic institutions which are considered as the outcomes of specific national strategies adopted by national states.

Although the contemporary transformations of political and economic relations of capitalism in the last three decades, which are put under the label of 'globalization', are profound and deserve critical scrutiny, both globalist and skeptical arguments fail to provide such a task to the extent that they are unable to conceive these transformations as the forms of manifestation of underlying contradictory dynamics of capitalist social relations of production. Such a neglect of social relations of production causes crucial shortcomings in the analyses of globalization. For the globalists, instead of an investigation and an explication of relations and processes that produce 'globalization' as an outcome, they treat the concept 'globalization' as 'explanan', that is as if the concept by itself could explain the events (Kiely 2009: 121; Rosenberg 2005: 12). Second, the globalists endorse a 'technical-determinist account' based on the advances in information and communication technologies in the explanation of emergence of global interdependencies of production, finance, and trade (Gough 2004: 188). Third, the globalists are contented with the equating of globalization with the rise of transnational corporations (TNCs), however such a conceptualization overlooks the appropriate approach that the social relations engender institutional forms not vice versa (Bryan 1995a: 35). On the other hand, the neglect of underlying social relations leads the skeptics to search for globalization in the trade, investment, and financial ratios or institutional forms of TNCs. Furthermore, their methodological approach is problematic in so far as they presuppose the primacy of independent and autonomous national units without explaining why the nation should be considered as a meaningful totality for political and economic analysis (Bryan 1995a; see Brenner 2004: 28-42).

Both the globalist and skeptic accounts of the relations between state and capital, and between global and national scales are endowed with fundamental shortcomings because of the neglect of the underlying social relations that are the capitalist relations of production, i.e. the class relations of exploitation and domination between capital and labor. These class relations constitute capital and the state as social relations (Bonefeld 2000: 34; Poulantzas 2000: 129). Nevertheless, the globalists and skeptics conceive capital as a ‘thing’ independent from social relations and the state as a ‘subject’ with its own set of interests and logic beyond and above the social relations or societies. The upshot of such conceptualizations is that capital and the state are juxtaposed against each other and their relationship is considered as a ‘zero-sum game’ (Brenner 2004: 56). In the context of globalization, the globalists argue that the transnationalization of capital renders the state impotent, and its interventions into the economy only disrupt the well-functioning market mechanisms. On the other hand, the skeptics argue that the state retains its ubiquitous powers and it should confine and control capital to improve economic development. Last but not least, the globalists also construct their thesis that globalization engenders an ‘epochal shift’ in the history of capitalism on the dualism between state and capital. Purportedly, the dynamics of capitalist relations of production have fundamentally been transformed from the era of industrial production and state control to ‘post-industrial’ or ‘knowledge-based’ economy in which the state intervention is no longer required (Ohmae 1995: 4; Strange 1996: 68; cf. Rosenberg 2005: 5). The ‘epochal shift’ argument should be criticized for that capitalist relations of production, appropriation of surplus value from the exploitation of labor, remains to be the sole source of accumulation and wealth so that changes should be conceived within these relations of production.

The globalists and skeptics retain their dualist approach on the analysis of the relation between global and national scales. The skeptics retain the primacy of national scale and conceive global as the sum of relations between national scales. For the globalists, in the wake of globalization the mobility and interdependency of economic activity transcend the national territories and abolish the significance of national boundaries. Moreover, the development of cyberspace technology and

financial systems leads to ‘deterritorialization’ of economic activity as they increasingly transcend the spatial dependence and smoothen or homogenize the spatial differences (Brenner 2004: 55). However, this ‘a-spatial’ conceptualization should be criticized for that even the a-spatial moments of capital need certain physical space in the sense that the constitution and reconfiguration of space is an integral part of the social relations (Harvey 2006: 379-80). By the same token, the globalists need to elucidate the problem of continuing uneven geographical development in the era of purported ‘homogenized’ world.

In this thesis, the relationship between the globalization of capital and the national form of the state will be put under critical scrutiny through an extensive review of the debates on globalization. In order to elucidate this relationship, approaches to globalization will be reviewed in terms of their conceptualizations of the dualities of political and economic, state and capital, and global and national scales. It will be proposed that a historical analysis of globalization should be based on the contradictory class nature of the capitalist relations of production. Thereby, against the conceptions that view globalization as an ‘epochal shift’ and as a result of technical developments, a critical analysis should conceive globalization in terms of the historical continuity of capitalist relations of production as well as historical changes of them due to their contradictory social relational character. Hence, it will be argued that the globalization of capital is not a recent phenomenon; rather history of capitalism has always witnessed the tendency of capital to expand and flow beyond the national borders and also its tendency to constitute a world market for its operations. However, the recent period of globalization of capital reveals a significant shift in the degree of integration of the process of capital accumulation and the world market. In this manner, the current globalization has not overcome the dynamics of capitalism towards a new form of economic activity, but it has only exacerbated the crisis tendencies and tensions of capitalism so that crises of capitalism has increasingly assumed the form of frequent systemic breakdowns which have become concurrently shared experiences of countries and people in the distant regions of the globe. Furthermore, as the four years of global recession after the 2008 crisis has denoted endeavors of national states to put the capital accumulation back on track has not

necessarily produced a significant ‘normalization’. Therefore, in the period of recent globalization, the national form of the state does not seem to hold the capacity to regulate and secure the capital accumulation so as to contain the crisis tendencies of capitalism. However, contrary to conceptions of globalists and skeptics who perceive the political and economic, and state and capital as autonomous entities, a critical approach conceives the political and economic, and state and capital in their interrelations in the capitalist relations of production and emphasizes the social relational nature of these phenomena. Therefore, the national state’s regulatory limitations do not entail a concomitant rise in the power of global capital; on the contrary they are both seriously affected by the crisis-ridden dynamics of capitalist relations of production. In this context, in the thesis, it will be proposed that a relational approach to the recent globalization can provide such a conceptual framework to elucidate both the unity and the contradictions in the relation between the global form of capital accumulation and the national form of the state.

For the internal relations philosophy, the analysis of reality begins with conceptualizing the objects of inquiry as ‘relations’ and ‘processes’ which are internally related within a ‘totality’ or ‘unity’ (Ollman 1993: 32). The totality of the elements of inquiry in their relations with other parts comes to define the totality; that is to say each element through its ‘internal and necessary relations’ with other parts represents and expresses the characteristics of the totality (Ollman 1993: 53; 2003: 139). By the same token, each element of the totality is constituted with its ‘internal and necessary relations’ with other parts of the totality (Ollman 1993: 37). Thereby, an element’s internal relations with the other elements of the totality define that element; thus an external relations conceptualization which posits objects an existence before they enter into relations with each other cannot fully grasp the content of the reality. The exposition of internal relations approach up to this point leads to conclusion that elements of the totality are not independent substances but the ‘forms of existence’ of the single totality (Bonfeld et al. 1992: xv; Ollman 1993: 43). Therefore, the ‘form’ analysis, why the elements of the totality assume characteristic forms in their development process in and through their relations

with other parts, does not view the form as something separable from the content of the element, but as its 'mode of existence' in and through which the content subsists (Bonfeld et al. 1992: xv).

Form analysis of internal relations also allows the inquiry of two important features of the constitutions of social phenomena, namely their historical development and their distinctiveness. First, 'a totality' is not constituted once for all, but constructed, developed and reconfigured "as its elements emerge, cohere, and develop over time" (Ollman 1993: 37). Hence, the focus on movement and change becomes critical for an object of inquiry. For the internal relations, the movement and change are the manifestations of contradictions in and between elements of the totality, or more succinctly the 'movement of contradictions' which can only "take place in and through a complex interaction between closely related elements" (Bonfeld et al. 1992: xiv; Ollman 1993: 31, 51). Second, the distinctiveness or the separate appearances of social phenomena does not contradict with their unity in the totality of their internal relations. Form analysis, the analysis of forms as the modes of existence, enables the explanation of reasons for the distinctive development and separate appearances of 'forms' in the unity; consequently the difference-in-unity or separation-in-unity reveals fundamental processes and reasons for the appearance of a single totality in distinct or separate forms (Bonfeld et al. 1992). Therefore, such a relational approach enables an analysis that elucidates how the historical development of social phenomena is inseparably intertwined in the totality, and why this totality manifests itself in differentiated or separate forms in its historical constitution.

In the thesis, it will be argued that dualisms between global and national, political and economic, and state and capital can be overcome by conceiving them in terms of their internal relations in the unity of capitalist relations of production, i.e. class relations of exploitation and domination between capital and labor. Their distinctive or separate appearances do not contradict with their unity; on the contrary they are the forms of existence of these phenomena in the capitalist relations of production. Therefore, it will be argued that capital accumulation at the global scale exists in and through capital accumulation at various national

territories and vice versa. Moreover, the state will be seen as the form of existence of the political in the capitalist relations of production. Thereby, it will be contended that the state's formal separation from the capital accumulation process is specifically the form of existence of the state in capital relation. Thus, the capitalist state is not a subject with its own logic and set of interests and not an instrument at the service of capital, but a class relation. Consequently, it will be proposed that the state cannot regulate or contain the contradictions of capital accumulation, but reproduces these contradictions as it seeks to mediate them.

In this context, it will be argued that the process of globalization can be analyzed in terms of the contradiction between the global form of capital and the national form of the state. It will be claimed that this contradiction does not entail the conception of these phenomena as autonomous realms, but reveal their interrelations in the unity of capitalist relations of production. However, this unity of global capital relation is not constituted once for all, but it is a process of reconfiguration at different paces in different forms in the historical development of capitalism. Therefore, it will be attested that the capitalist globalization can be better conceptualized as the internationalization of capital which enables to view it as a process and also underscore the importance of its fragmentation into national territories. The internationalization of capital is conceived as the expansion and deepening of the capital accumulation, which are the manifestations of the contradictions and crisis-ridden dynamics of the capital relation. It will be argued that the national states internalize and reproduce the contradictions of global capital within their jurisdictions, as they seek to mediate these contradictions and facilitate capital accumulation. However, this does not mean that the national state is to 'wither away' and a new form of political institution to emerge in the wake of internationalization of capital. For the internationalization of capital is not new; it and the national form of the state have constituted a unity, though contradictory, within the history of capitalist relations of production. Finally, it will be argued that the current phase of globalization constitutes a significant increase in the extension and depth of the internationalization of capital which exacerbates the crisis tendencies of capital accumulation and the contradiction between the global capital and the national state. The former is manifested in the frequent crisis

stemming from the constant problem of overaccumulation of capital, and the latter in the national states' exacerbated incapacity to regulate the contradictions of capital accumulation. As a result, it will be proposed that a concentration on the crisis tendencies and contradictions of global capital accumulation enables an analysis of differentiation and unity of global capital relation and also the continuing role of the national state within it.

In the thesis, the globalization analyses of three critical political economy approaches that seek to overcome the dualisms of structure and agency, state and capital, and political and economic will be critically scrutinized. In this manner, in the following chapters, analyses of these approaches, namely neo-Gramscian, the regulation and relational, will be confined to their conceptualization of the relations between political and economic, state and capital, and global and national in the context of globalization. In the second chapter, the neo-Gramscian political economy, which criticizes the structuralism and determinism and aims to reinvigorate the significance of the agency, power struggles, and the change in the constitution of the historical structures, world orders, historic blocs, hegemony, and class formation by an analysis inspired by the early works of Antonio Gramsci, will be investigated. It will be argued that despite their significant contributions to the critical studies in the analysis of transnational processes, most of the neo-Gramscian analyses of globalization conceive it as the outcome of increasing structural power of capital process and as the process of transnational capitalist class and state formation and thus they do not overcome dualisms between political and economic, and global capital and the national state. It will be claimed that the dualism of neo-Gramscian approach stems from its functional and reductionist view of the national state against the global capital. However, it will also be emphasized that some recent contributors to neo-Gramscian approach seek to overcome these predicaments by developing relational approaches in the analyses of capitalist relations of production.

In the third chapter, the regulation approach, which analyzes the history of capitalism in terms of successive periods of stable and consistent models of growth that is the specific coherence between accumulation regimes and modes of

regulation, will be critically reviewed in the context of globalization. It will be argued that such an analysis posits an external regulatory role to political in its relation to economic which leads to a functionalist view of the relation between global capital and the state. Therefore, it will be argued that, the regulation approach also fails to provide an adequate framework to overcome the dualism between political and economic, and global capital and the national state.

In the fourth chapter, the scholars who adopt a relational approach to globalization will be investigated in order to develop a comprehension of the contradictory unity of internationalization of capital and the national state, and also of concurrent unity and differentiation of the global capital relation. In this chapter, the conceptual framework of Open Marxist scholars, the later works of Nicos Poulantzas, and the contributions of Dick Bryan, David Harvey, Greg Albo, Leo Panitch, and Sam Gindin who adopt a conceptualization of globalization as the internationalization of capital, will be critically reviewed to propose a relational approach for the inquiry of the relation between global capital and the national state.

In the fifth chapter, a conclusion will follow which elaborates on some lessons and arguments derived from the critical engagement with the critical political economy literature on globalization and the state. It is believed that a relational approach can provide a fertile conceptual framework for the clarification of the change as well as continuity in the internationalization of capital and the significance of its contradictory unity with the national state in the explanation of current transformations in the capitalist relations of production.

## CHAPTER 2

### NEO-GRAMSCIAN APPROACH

#### 2.1. Introduction

As an alternative to dominant currents of thought in the discipline of international relations, neo-Gramscian scholars' critical approach aims to locate the analysis on the role of social forces in the configuration and transformation of historical structures. Against state-centric, pluralist, and structuralist theoretical traditions, all of which conceive the structures as the realm of 'objective conditions' outside of human activity, neo-Gramscian approach underscores the centrality of power struggles and of ideas and 'intersubjective meanings', widely shared conceptions about the reality, in the understanding of social relations and processes (Gill 2008a: 20). Neo-Gramscian perspective seeks to articulate these insights about the social reality into the study of international relations and international political economy through a methodological reinvigoration of the notions of hegemony, civil society, and historical blocs at international and transnational scales. Therefore, it is anticipated that the study of international relations would abandon the methodology that confines the investigation to the relations of domination between states devoid of a social context, and focus on the relations between social forces in a "globally conceived civil society" (Saurin 2008: 35).

Scholars, who pursue a neo-Gramscian trajectory of analysis, are not totally homogenous, unified and cohesive; on the contrary there are many decisive differences among them. However, they share a certain common ground in so far as they embrace the centrality of social agency as the focus of their analyses. In other words, they all share the Antonio Gramsci's methodological emphasis on 'human agency' (Ayers 2008: 5). Concomitant to their affiliation to works of Gramsci, neo-Gramscian scholars aim to overcome dualisms between structure

and agency, political and economic, state and capital which are common among the international relations theories. For, Gramsci (1971: 118) asserts that the structure is “the moment of struggle”, the former is created, transformed, and reconfigured by social relations. Gramsci, as a follower of historical materialism, alleges that social relations constitute a unity, yet it is to be considered in terms of contradictions and social class struggles (cf. Rupert 1995: 26-27). Therefore, Gramsci (1971: 437), in his criticism against bourgeois positivist thinking, argues that “[t]he historical dialectic is replaced by the law of causality, and the search for regularity, normality, and uniformity”. The concurrent contradictions and unity of social relations in Gramsci’s analysis enable him to overcome the dualism between political and economic. He states that “a distinction between political society and civil society, which is made into and presented as an organic one, whereas it is merely methodological. Thus it is asserted that economic activity belongs to civil society, and the State must not intervene to regulate it” (Gramsci 1971: 160).

In this chapter, it will be investigated that whether a neo-Gramscian approach to world orders provides a comprehensive framework to elucidate the underlying social relations in the process of globalization and the role of the state. Therefore, whether neo-Gramscian approach is able to stand behind Gramsci’s criticism of dualisms and emphasizes on contradictions and unity of social relations will be critically scrutinized. In the next section, neo-Gramscian concepts of world orders, historical structures, and hegemony will be explored. In the third section, their historical analysis of internationalization of capitalist economy will be elucidated in terms of their conception of the relations between global and national processes, and the state and capital. Despite the differences in neo-Gramscian scholars’ emphases, concluding remarks proposes the merits and shortcomings of common arguments of neo-Gramscians on the relations between globalization of capital and the state.

## **2.2. Historical Structures, World Orders, and Hegemony**

The pioneer of neo-Gramscian turn in the study of international relations Robert W. Cox, by focusing on the social forces, conceives ‘historical structures’ as

‘frameworks for action’ which are founded on and conditioned by ‘particular configuration of forces’ (Cox 1987: 395; Cox 1996c: 97). Therefore, every step in Cox’s method is taken to attest ‘the unity of the subjective and the objective’ in the making of the history by the social forces (Cox 1987: 395). Cox’s theoretical affiliations reveal the importance of the agency in his analysis; which are the concept of hegemony in Gramsci; classes and elites as social agencies in Marx and Weber; historicist accounts of Vico, Sorel and Braudel; and finally the concept of ‘embeddedness’ of the economy in society from Polanyi (Cox 1996a).

Critical theory, for neo-Gramscian approach, should emphasize the transformations in the history “arising from the confrontation of opposing social forces in any concrete historical situation” (Cox 1996c: 95). Therefore, the approach criticizes neo-realist international relations theories<sup>2</sup> for being ‘problem solving theories’ that perceive an historical phenomenon as given so that any possibility of transformation of it is not taken into account (Cox 1987). It is asserted that the inability of neo-realist theories to account for transformation derives from the neglect of “the conflicting social relations which at once underlie and make possible” the transformations (Rupert 1995: 1). Moreover, one of the main motives of neo-Gramscians is to transcend the state-centric accounts of international relations. For Cox (2002), state-centrism stems from the transhistoricization of very particular period of relationship between national states that is emerged after the Westphalia principles of sovereignty and non-intervention. The neo-realist assumption of anarchy between the nation states is also criticized for neglecting the hierarchical and consensual relations between the states with different roles in the world orders (Bieler and Morton 2006a: 10). Furthermore, state-centric approaches undervalue the primacy of social forces within and outside the state boundaries in shaping the political economic milieu of the states and the relations between them (Cox 2002: 33).

Neo-Gramscian perspective is also critical of ‘positivist’ approaches in social sciences for their separation of the subject and the object (Bieler and Morton

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<sup>2</sup> Neo-realist scholars criticized by neo-Gramscians are: Kenneth Waltz, Robert Gilpin, Robert O. Keohane, and Robert Gilpin (Cox 1996b: 49; Rupert 1995: 1).

2006c: 196). Positivism conceives the social processes just as it perceives natural phenomena so that abstracts social phenomenon as a structure devoid of social content, that is to say that positivism reifies the relations between social agencies. On the contrary, Cox (1987: 295) constructs the analysis on ‘the unity of the subjective and the objective’. Such a method is purported to be found in historicist epistemology that embraces the structural conditions as “made by people - not by individual gestures of ‘actors’ but by collectively pursued problematic that produce certain practices” (Cox 1996b: 51-52). Besides, Cox (1996b: 57) and Gill (2008a: 17) criticize structuralist tradition within Marxism for their lack of conceptualization of social forces, conflict and change in social systems. In contrast, historicist method aims to elaborate on “the contradictions and sources of conflict within existing structures” (Cox 1996b: 54); those structures are also conceived as inter-subjective constructions. Finally, neo-Gramscians criticize structuralist dualism between base and superstructure, and emphasizes the reciprocal relationship between economic, political, and ideology (Bieler and Morton 2006a: 13).

In Cox’s seminal book *Production, Power and the World Order* (1987), the analysis of world orders begins by the emphasis on the pre-eminence of the activity of material production which is alleged to be basis of all social existence. Then, reciprocal relationship between production relations and power relations determine the basis for interaction between social forces in the making of history (Cox 1987: 1). Historical structures are conceived as the products and the contexts of this interaction between social forces. The social forces that constitute historical structures are material forces, ideas, and institutions (Cox 1987: 29). Concomitant to changes in the re-organization of production or production relations, the composition of material forces also changes. In relation with the changes in production relations, ideas (‘intersubjective meanings’) and institutions are also transformed into new forms (Bieler and Morton 2006a: 14). Although these changes take place only very gradually<sup>3</sup> (Cox 1996b: 55), eventually new modes of social relations of production emerge. New historical structures are

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<sup>3</sup> For neo-Gramscians, formation of historical structures and world orders are analyzed in terms of Braudel’s long time periods of *longue durée*.

engendered by emerging ‘modes of social relations of production’<sup>4</sup>. However, mode of social relations of production is not the sole determinant of historical structures. The historical structures can only be scrutinized by the reciprocal interactions between three levels of social activity, namely social forces, forms of state, and world orders. For Cox (1987: 100), the state is the arena of hegemonic struggles between social forces, thus the forms of state are conceded as the changes in ‘state/society complexes’, which is a concept inspired from Gramsci. World orders are “the particular configurations of forces which successively define the problematic of war or peace for the ensemble of states” (Cox 1987: 100). In Cox’s analysis, the emphasis for world orders is on the social forces – rather than the states – that their success or failure in constituting a hegemonic world order determines the relations between the states. However, this does not undermine the role of states in sustaining hegemony, for a world order can only be initiated by the social forces which succeed to establish their hegemony in a state, and then this hegemony can be expanded through the activity of that state (Rupert 1995: 34).

Cox (1987: 109) differentiates three world orders that oscillate between hegemonic and non-hegemonic historical structures: the liberal era under the hegemony of the UK (Pax Britannica from 1789 to 1873); the era of rival imperialisms (1873-1945); and the era of US hegemony (Pax Americana from 1945 to present). Transition from a world order to another occurs through transformations in the balance of social forces, within and between social formations, which are engendered by new productive forces and production relations (Rupert 1995: 42). Consequently, a series of changes occur in the formation of new historical blocs and the emergence of new hegemonic states; and the emergence of new ‘social structures of accumulation’, which are “the

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<sup>4</sup> By this concept, Cox does not exclusively refer to capitalist mode of production, a concept which is intentionally abandoned by Cox on the ground that it causes the reductionism towards material production, instead he argues that notion of production also includes the production of “knowledge, ideologies, morality, social relations, and institutions” (Bedirhanoğlu 2008: 94). Cox (1987) argues that various modes of social relations of production simultaneously exist in social formations, and they, by reciprocal interactions, transform each other. For example, he enumerates at least twelve modes of social relations of production that exist in the late twentieth century from communal to peasant-lord relations (see Cox 1987: 32).

putting into place of new social relations of production and new mechanisms of capital accumulation through which economic growth is able to continue and increase” (Cox 1987: 209; Gill 2008a: 26). Pax Britannica was constituted by free trade, gold standard, and dominance of the UK in the seas. However, the emergence of rival imperialist countries such as Germany, the accumulation and centralization of capital in the hands of monopoly capitalists, the protectionist measures taken by late capitalist countries, and the rise of industrial worker as a new social force and a new organization of production challenged the hegemony of the UK and eventually caused two world wars.

Following the World War II, the emerging political and economic power would be the US to establish its hegemony in the capitalist world. However, Pax Americana period did not envisage new social structures of accumulation, it was simply constructed upon the Fordist industrial relations and Keynesian monetary relations that emerged before the war (Cox 1987: 212). Post-war world order hegemony depended primarily on the activities of formal and informal international organizations. Cox (1996d: 137-138) and Rupert (1995: 44) argue that international organizations assumed the mission to promote mode of production relations proper to internationalization of production, trade, and money, and ideas, norms, behavior and institutions proper to liberal world order. Global hegemony of Pax Americana corresponded a period of a fundamental increase in ‘the internationalization of production’. ‘The internationalizing of production’ denoted the increasing activities of transnational corporations (TNCs) which seek to integrate the production process dispersed in various countries into a single chain (Cox 1996c: 109). The internationalizing of production depended mainly on direct investments rather than portfolio investments. Cox (1987: 244) differentiates the era of internationalizing of production from the late 19<sup>th</sup> century international economy on the grounds that while in the former TNCs were occupied with the exploitation of relative advantages of factors of production in different countries to locate their investments, in the latter the corporations were mainly engaged with the expanding their trade beyond their country of origin.

Cox (1987: 110) argues that states adopt crucial roles in the realization of the internationalization of production. In this process, state is also internationalizing

in the sense that “the internationalizing of the state is the global process whereby national policies and practices have been adjusted to the exigencies of the world economy of international production” (Cox 1987: 253). In the process of internationalization of the state, national states also become an integral part of a complex transnational political structure, which is not considered as a realm exclusive to states but a plural site for various actors. Purportedly, it is only in the development of transnational political structures that the extent of the political roles of the national states can be defined. Although states adopt important roles in this process, limits of the possible for them are severely constrained, for the actions of the states submit to the requirements of the economy of world order. Interventions of the states that contend these requirements are immediately punished by outflows of capital from their territories (Cox 1987: 248-249). Two forms of state that emerge with the internationalization of production are ‘neoliberal state’ in advanced capitalist economies and ‘neo-mercantilist developmentalist state’ in industrializing economies (Cox 1987: 218). Being the initiators of the internationalization of production, the historical blocs of neoliberal states establish transnational contacts with ‘the military-bureaucratic regimes’ of developing economies (Cox 1987: 237). The world order is constituted through the hierarchical relations between neoliberal states at the top, socialist states at the second tier, and the developmentalist states at the third layer. Hegemonic consensus is formed at the top level under the dominance of the US, and the developmentalist states are expected to adopt and internalize the hegemonic consensus with only very little effect on that consensus (Cox 1987: 259-260).

In Coxian analysis, roles and forms of the state occupy a significant place in the constitution of social forces, hegemonic projects, and world orders. However, the state is conceived as enjoying a relative autonomy from the civil society, and consequently the history of the changing forms of the state is envisaged in an independent but reciprocal relation with the social forces in the civil society (Cox 1987: 399). However, another contributor to neo-Gramscian approach Kees van der Pijl more explicitly situates the state in the state-society complexes and concentrates on the changing forms of these complexes in the elaboration of

hegemonic projects and world orders. Van der Pijl (1989: 7-8) defines hegemonic projects as ‘comprehensive concepts of control’ which “lend cohesion and cogency to the rule of particular classes and the fractions of classes by translating idealized class and fractional viewpoints into a strategic orientation for society as a whole”. Thus, the making of world history is considered in terms of the struggles between two forms of concepts of control which are ‘Lockean’ and ‘Hobbesian’<sup>5</sup>. The Lockean concept of control is characterized by “the subordination of the state to society” and by “the self-regulating capacity of bourgeois society” (van der Pijl 1989: 22). The Lockean concept of control is a reference to a form of state/civil society relations that is established in Anglo-Saxon heartland following the bourgeois revolutions. The content of the Lockean state/society complex is considered as transnational from its inception (van der Pijl 1998: 70). Therefore, in the Lockean heartland, the society is considered from the beginning transnational, so is the capitalist class. The Lockean state is liberal in the sense that it recognizes the autonomy of social terrain, stays in ‘the framework of law’ and it refrains from intervening in *laissez faire* activities of the market (van der Pijl 1998: 71).

For the analysis is established on the contrasts between two ideal types, the Hobbesian state/civil society complexes is characterized by the domination of a ‘state class’ who holds all the power at the apex of bureaucracy and manages the ‘state-led development’ (van der Pijl 1998: 80). Hence, “society is confiscated by the state and state power turned against anyone resisting it” (van der Pijl 1998: 80). Hobbesian states control all the processes in the social formation and decide the course of economic development, thus the bourgeoisie acts within the limits allowed by the state. In this sense, it is not possible to mention about a ‘self-regulating’ free market economy in Hobbesian states (van der Pijl 1998: 81). However, historically, Hobbesian states can be considered as a “prelude to Lockean liberalization” (van der Pijl 1998: 66). Eventually, all Hobbesian states face bourgeois class confrontations to the state class (van der Pijl 1998: 83).

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<sup>5</sup> The comprehensive concepts of control that have become transnationally hegemonic are liberal internationalism, state monopoly tendency, corporate liberalism, and neoliberalism (Van der Pijl 1998: 6).

Historically, this conviction held for the former Hobbesian states of France, Germany and other European countries, and today holds for present Hobbesian contender states of late industrializing countries.

There are other scholars, among the recent contributors to neo-Gramscian approach, who seek to overcome the dualism between political and economic and the functionalist conception of the state by emphasizing the internal relations of political and economic forms in the unity of capitalist relations of production (Rupert 1995; Bieler and Morton 2006a; 2011). Rupert (1995: 20) and Bieler and Morton (2006c: 196; 2011: 2) conceive the political and economic in the unity of capital relation, i.e. the private appropriation of product of labor. Allegedly, this unity historically assumes an ‘alienated’ appearance of separate existences, as a result of the alienation of labor into capital. The process of ‘relations of alienation’ enables the separate appearance of the political and economic which is actually the form that their internal relations assume in the unity of capitalist relations of production (Rupert 1995: 15, 20). However, for Rupert (1995: 23), their alienated separate existence constitutes an important aspect in the history of capitalism to the extent that the endurance of this separation becomes the very object of class struggles. As a result, the state is conceived as a ‘social relation of production’ which is “internally related to the class-based organization of production in civil society: they are the complementary aspects of the same historical social reality” (Bieler and Morton 2006b: 168-9; Rupert 1995: 23).

Neo-Gramscian approach to world orders on the basis of social forces provides an important perspective to the studies of the historical relation between globalization and the state. Another significant contribution of this approach is its emphasis on the role of the ideas, knowledge, and conscious actions on the historical processes that differentiates this analysis from the structuralist and realist international relations theories (Gill 2008a: 39). However, neo-Gramscian intention of developing a critical theory is undermined by its dualist and eclectic conceptualizations. Firstly, they conceive the relation between political and the economic in a dualism, they begin the exposition of historical changes as outcomes of dualist interplay between ‘material production’ and ‘power relations’

in the social formations (Cox 1987: 1). Moreover, the explication of history in terms of the reciprocal relations between three social forces of material production, ideas, and institutions may be seen to overcome the economic reductionism, but it does not replace it with any coherent explication of the history in terms of the reproduction of social relations through the relations of exploitation and domination (Bonefeld 2006: 56). Contrary to an exposition based on the unity of capitalist relations of production, neo-Gramscian analysis oscillates between the structuralist view of the economy, and the pluralist view of the political power relations (Burnham 1999: 38). In this respect, in Cox's analysis, relations of production are comprehended as the sphere of technical organization of the production in the narrow sense, so is the economic realm. For van der Pijl, the state-society complexes constitute the realm of clash of interests between social groups, which is only contingently related to the 'objective conditions' of economic processes (cf. Lacher 2008: 47). Contrary to these assertions, a critical theory would emphasize the social character of production, and thus the political, economic, and ideological would be seen as the forms that social relations of production and class struggles assume. For both neo-Gramscian scholars Cox and van der Pijl, concepts of social relations of production and social structures of accumulation, the former referring to the economic realm and the latter referring to the political or regulatory realm, are considered as externally related spheres (Burnham 1999: 39). Both realms having an independent existence by itself enters into a reciprocal relationship. Another fundamental shortcoming in neo-Gramscian approach is the dualism between the state and civil society. The state and social classes are considered as external to one another each having a particular history that is, at most, reciprocal to or related with the other one. Cox (1987: 399) attributes the state an autonomy which provides a state its own history, its rules of conduct and its *raison d'état*, these are constrained and conditioned by social forces and historical blocs. Van der Pijl (1998: 28), despite his intention to concentrate on state-society complexes, articulates the state, capital, and society as separate forces into the analysis. The contrasts between Lockean and Hobbesian comprehensive concepts of control are conceived in terms of opposition between state and civil society. The upshot is that the history

is theorized as the unfolding of conflict between state and society, not as movements of class struggles in capital relation. Therefore, the state and the capital relation are conceived as autonomous realms having a zero-sum power relationship (Munoz Martinez 2008: 45). This dualism prohibits an understanding of the role of class struggles taking the differentiated forms of the political and the economic in the unity of capital relation.

Neo-Gramscian conception of social forces is endowed with the untenable eclecticism stemming from his attempts to bring together Marxist notion of 'class' and Weberian notion of 'elites'. This eclecticism paves the way for a pluralist conceptualization of historical blocs, forms of state, and world orders. Marxist conceptualization of class derives its roots from the objective conditions of the social –not individual, not subjective according to how a person perceive his/her 'social purpose'– relations of exploitation and domination which are historical and conceptual premise and outcome of capitalist mode of production (Bieler 2006: 72). Nevertheless, Cox's intention to emphasize contradiction and conflict among social forces is constrained by the Weberian pluralism (Burnham 2006: 32). Accordingly, the antagonisms between social forces are conceived as a matter of contingency, that is they may clash with each other on the basis their explicitly or implicitly defined interests or may not, not as a structural necessity manifested on the basis of capitalist relations of production. As a natural extension of this conception, the antagonistic relations are attributed to the political realm separated from the purported neutrality of economic relations. Thus, neo-Gramscian 'critical' approach on the world orders is constrained by this pluralism. As a case in point, in the analysis of internationalization of production, Cox (2002: 33) states that dominant social force becomes 'the transnational managerial class', i.e. "state and corporate representatives and intellectuals". Similarly, for van der Pijl (1989) the constitution of Lockean complexes in the 'transnational society' does not only involve the capital fractions with transnational orientation, but also bureaucrats, managers, and ideologues. Since the transnational managerial class is defined not in terms of relations of production but in terms of their institutional roles, the reasons for the antagonisms between this class and 'the subordinate

classes' cannot be attributed to the social relations of production, but to the realm of the political interests.

Despite all of their claim to advance a relational approach, in concrete historical analysis of neo-Gramscians, the conceptions of capital accumulation as the realm of objective conditions of process of production and as the material source of class powers reduce the capital relation to the technical economic realm of institutional norms and regularities of labor processes, wage relations, and monetary regimes. Then, the essential part of neo-Gramscian analyses is devoted to the elucidation of the role of social forces in terms of the clash of interests, strategies, ideas, and ideologies. Consequently, a hegemonic social force comes out of these clashes and reciprocally impacts the economic realm to sustain its regularities and direct them to its own interests. Such a perspective is evident in their analysis of Pax Americana that it is constituted by the reciprocity between the structural power of capital through the internationalization of production and the power of the 'neoliberal ideology' of state bureaucrats, corporate managers, and agents of international organization (Bieler 2006; Cox 1987; Rupert 1995; van der Pijl 1998).

Rupert's, Bieler and Morton's contributions to neo-Gramscian approach comprise a significant intervention into dualism and pluralism of other neo-Gramscian conceptualizations. They emphasize the unity of the state and market as the forms of capitalist relations of production, and criticize the conceptions that anticipate an 'external linkage' between the state and market (Bieler and Morton 2011: 2). Their assertion that the state does not react against class relations from a distance but internalizes them in its form denotes their special emphasis on the class struggles in the relations of production and their embracement of a relational approach to the state and capital (Bieler and Morton 2011: 33).

### **2.3. Neo-Gramscian Analyses of Globalization and the State**

Neo-Gramscian scholars maintain the endeavor to incorporate Gramsci's concepts of civil society, hegemony and historic bloc into the analysis of the transnational configurations and globalization. In the wake of increasing activity of capitalist

class at the global scale, it becomes imperative to analyze new forms of power struggles between social forces that transcend national scales. Although there are significant differences among neo-Gramscian expositions of globalization in terms of their varying emphases of rising social forces, emerging transnational processes of policy-making, and the role of the national state, they share common notions about globalization which are more fundamental than their differences. They share the assertion that globalization corresponds to rising ‘structural power of capital’ with the internationalization of production but more fundamentally with the globalization of finance (Cox 1992: 28; Gill and Law 1989: 480; Robinson 2004). Moreover, concomitant to neo-Gramscian theoretical focus on the role of the strategies and ideologies of social forces in the constitution of new world orders, a second common argument of neo-Gramscian analyses include that the rise of globalization is an outcome of the consolidation of the ‘hyperliberal’ or ‘neoliberal’ ideology of transnational capital at the world level (Cox 1992: 286; Gill and Law 1989: 480). In the rest of this section, parallelisms and divergences of neo-Gramscian accounts of globalization will be discussed in terms of their conceptualization of the relations between capital and state and global and national scales.

Cox (1987: 286) correlates the crisis of the 1970s with the emergence of a possible new world order that would be ‘hyperliberal’. The crisis demonstrated the limits of post-war Keynesian macroeconomic policies which suffered for a long-term from inflation, unemployment and stagnation. The disintegration of historical blocs in advanced capitalist countries coincided with the new endeavors for consensus formation on a ‘hyperliberal’ ground. Hyperliberal prescriptions “rejected positive government intervention in the economy while underlining the imperative nature of these negative measures of intervention” (Cox 1987: 283). The negative measures of intervention would be bringing the labor costs to the competitive levels at world markets, abandoning demand side economies and adopting monetarist measures to control inflation for securing the value of currency and attracting international financial flows. In this process, national states seek to promote competitiveness of their respective capitals leading “toward a number of competing national entities” (Cox 1987: 304-5). Cox (1987: 304)

argues that the process of global competition simultaneously enables and constrains the state. For the state can only act as the promoter of global financial markets and thus produces constraints for its 'defensive' strategies. This process allegedly means the exacerbation of vulnerabilities of late developing countries in so far as their need to protect some of their domestic industries from competition is severely hampered through their opening to world market forces (Cox 1987: 305).

Cox (1992) distinguishes three structural processes that underpin the political and economic developments that engender globalization. The first is the rise in 'the structural power of capital' (Cox 1992: 28). Allegedly, the power of capital relatively increased due to its ability to subordinate the state and subaltern classes under the discipline of global competition. Moreover, the development of information and communication technologies facilitated the internationalization of production, as a result the power of capital to escape from national states augmented (Cox 1996c: 110). The second is 'the structuring of production' (Cox 1992: 29). In an effort to become competitive, capital initiated the transition 'from economies of scale to economies of flexibility'. This transition weakened the relative power of trade unions and also the ability of the state to control and fix the capital in its jurisdictions (Cox 1992: 29). The third change is the increasing 'role of the debt'. To the extent that states increasingly became depended upon foreign debt, "governments have become more effectively accountable to external bond markets than to their own publics" (Cox 1992: 29). As a result of these structural changes, a further structural change occurs: "Finance has become decoupled from production to become an independent power, an autocrat over the real economy" (Cox 1992: 29). All these changes have in common that the structural power of global capital presides over the states:

"States willy nilly became more accountable to a *nébuleuse* personified as the global economy; and they were constrained to mystify this external accountability in the eyes and ears of their own publics through the new vocabulary of globalisation, interdependence, and competitiveness" (Cox 1992: 27).

In the globalization process, the further steps are taken towards the internationalization of the state:

“Its common feature is to convert the state into an agency, for adjusting national economic practices and policies to the perceived exigencies of the global economy. The state becomes a transmission belt from the global to the national economy” (Cox 1992: 30-31).

For Cox (2002), the emerging social forces, concomitant with the rising structural power of capital at the global level, dominate the consensus formation processes within the *nébuleuse*. Cox (1987) identifies three emerging social forces with pertinent effects in the global world order; these are ‘transnational managerial class’, national and local capitals. Transnational managerial class is the hegemonic class in the formation of global politics and defined as “the unofficial and official transnational and international networks of state and corporate representatives and intellectuals who work towards the formulation of a policy consensus for global capitalism” (Cox 2002: 33). Cox (1987: 361-2) argues that with the internationalization of production the struggles between transnational managerial class and national capitals tend to escalate, yet depending on the national context those struggles may take the form of complete clash of interest or possibly the struggles may evolve into a strategic compromise.

Concomitant with the pre-eminence of transnational managerial class in the historical bloc and the increasing power of capital, the state/society complexes – that is the forms of state- is also subject to transformations. Therefore, changing balance of social forces alters the internal organization of the state:

“Power within the state becomes concentrated in those agencies in closest touch with the global economy – the offices of presidents and prime ministers, treasuries, central banks. The agencies that are more closely identified with domestic clients – ministries of industries, labor ministries etc. – become subordinated” (Cox 1992: 31).

For Cox (1992: 36), changing forms of the state is also manifested by the emerging multi-scalar governance structures. Traditional state increasingly

devolves its policy-making authority to multi-level governance structures at many scales, such as transnational, macro-regional, micro-regional, local, and also world cities. Although a multi-level organization of policy making signifies the '*nébuleuse*', Cox (2002: 34) attests that this process does not entail the emergence of a global *quasi*-state mechanism which would be "a central committee of global capitalism that directs state policies". Lastly, Cox seeks to denote by the '*nébuleuse*' that operationalization of a global consensus, i.e. policies of global competitiveness, by social forces and governance mechanisms at multiple scales.

In the analysis of globalization, Cox reiterates the dualism between globalization and the state. Globalization is conceived as a natural upshot of structural and technological developments (Cox 1996c: 110). Cox (1992) argues that the structural conditions that engender globalization are 'the structural power of capital', 'structuring of production', and 'the increasing role of debt'. The structural and technological changes that create globalization process are considered as "the external constraints of the world economy" imposed upon the states (Cox 1987: 173). As Panitch (1994: 69) notes, such a 'outside-in' perspective that conceives the constitution of global capitalism as external to the national scale leads to the neglect of social forces that have an impact on both the global economy and the national states. The juxtaposition of external and domestic processes in favor of the former generates an approach that undermines the state's role in the process of globalization. Thus, Cox conceives globalization as a phenomenon external to the national states, which are only expected to act as 'transmission belts' in order to internalize the external conditions of globalization<sup>6</sup>. Furthermore, Cox also anticipates a weakening in the national state power in the wake of increasing structural power of capital, and consequently the national state becomes increasingly impotent against the structural power of capital. Structural changes that bring about globalization, which are increasing financial movements, capital flows, foreign direct investments, and increasing international financing of public debts are conceived as the functional mechanisms that capital employs to control and limit the actions of the state (Cox

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<sup>6</sup> Globalization can not be conceived as "something that exclusively overlays or exists above the state" Baker (1999).

1992). However, to the extent that the state is considered in pluralist terms devoid of any class content in capitalist relations of production, in many occasions Cox underscores the state's potential to react and challenge the process of globalization as if the state is a neutral entity autonomous from class struggles.

Cox (1992: 30) replaces the unity of moments of capital accumulation, i.e. productive, money, and commodity moments of capital, with the antagonistic separation between the finance and 'real' economy. It is anticipated that as globalization process is further strengthened, preeminence of finance over 'real' economy would prohibit many social formations from development opportunities, especially the late industrializing countries (Cox 1987: 264). Since these countries are subject to same threat, Cox (1987) seeks for possibilities for a counter-hegemony that would emerge from the alliances of these countries. The dualisms and external relational conceptualizations in the analysis of globalization prohibit Cox from a class oriented analysis in the relations between globalization and the state. Cox attributes all the late industrializing countries the same set of interests as if there are no class struggles and capital accumulation, which also lead them to relations of competition, rivalries, conflicts and domination. It is not recognized that globalization process may also be actively demanded by capital and reacted by some other class or class fractions within these late industrializing countries. Therefore, in Cox's exposition, the impact of these class struggles on the state policies and on the process of globalization is left unexplained.

Cox's framework which conceive the global capital as a structure acting externally upon the national states and reducing them to simple 'transmission belts' is also shared by Stephen Gill. Nevertheless, Gill's nuance of emphasis on the role of the national states in the constitutionalization of 'disciplinary neoliberalism' in the wake of globalization constitutes an important contribution to neo-Gramscian analysis. In such an effort, Gill and Law (1989: 480) underscores the increasing structural power of capital through the 'neoliberal globalization' process:

“We will argue that the widening scope of the market in the 1980s and probably during the 1990s, along with certain changes in technology and communications, contributes to the rising structural power of internationally mobile capital. By contrast, the state as an institutional and social entity also creates the possibility for the limitation of such structural power, partly because of the political goods and services which it supplies to capitalists and the institutional autonomy it possesses.”

Therefore, the structural power of transnational corporations (TNCs) increased relative to the power of the states since the crisis of the 1970s. With the help of new transportation and communication technologies, TNCs gained the structural power by their increasing ability to direct their investments to the countries with the most profitable opportunities (Gill and Law 1989: 482). The mobility of TNCs does not make the states redundant, yet the context of policy making for the state was considerably limited within the confines of competitiveness, productivity, reductions in the labor costs, and financial vicissitudes (Gill and Law 1989: 484). Therefore, “this situation makes it easier for foreign (as well as domestic) capital to play off one state against another and increase its relative bargaining power” (Gill and Law 1989: 485). The monetarist policies of inflation targeting, austerity, stabilization, and financial deregulation constitute what Gill (2008b: 137) calls ‘disciplinary neoliberalism’ which restructures the political and ideological context in favor of transnational capitalist class. These policies are imposed externally on the national states – especially to the third world countries – by the G-7 states, the US at its apex, OECD, IMF, and the World Bank (Gill 2008c: 178, 191). Nevertheless, Gill and Law (1989: 491) reckon that the peculiar historical conditions of different national contexts lead to different reactions to this global political consensus. However, his emphasis is always on the devastating impact of global ‘economic integration and cooperation’ on the ‘formal system of state sovereignty’ (Gill 2008a: 25).

The political, intellectual, and business representatives at the transnational formal or informal organizations constitute the ‘globalizing elites’ who are responsible

for the policies of ‘disciplinary neoliberalism’ (Gill 2008c: 195). In the analysis of Gill, the ‘globalizing elites’ refer to the nascent form of a transnational civil society. Moreover, this form of transnational civil society is accompanied by the emergence of a process called ‘internationalizing of authority’, which acts like a transnational quasi-state policy making organization (Gill 2008b: 144). Gill conceives globalization as the process in which the three levels of activity that no more corresponds to the national jurisdictions. That is to say that globalization corresponds to the globalizing of social relations of production with the transnational mobility of ‘production, finance, and knowledge’; the globalizing of the social forces (globalizing elites) with the potential to become hegemonic; the globalizing of forms of state with the internationalization of authority (Gill 2008c: 185).

However, the transnational historical bloc faces severe contradictions and challenges which prohibit the formation of a global hegemony:

“Thus, although the restructuring of forms of state along neo-liberal lines has apparently accelerated in recent years there are indications that remaking state and society along these lines lacks moral credibility, authority and legitimacy. This is partly because the rule and the burdens of market forces are most frequently imposed hierarchically on the weaker states and social actors” (Gill 2008b: 147).

The tendency of the neoliberal globalization project to an ‘organic crisis’ is considered mainly with reference to the contending social forces to such a globalization. In conformity with the Cox’s analysis of challenging social forces to globalization, Gill and Law (1989; 2008a) enumerate third world states, national capitals, and precarious labor as the social forces contending to the neoliberal globalization. In the wake of globalization, third world states are constrained and weakened by the structural power of transnational capital promoted by advanced capitalist countries and international organizations (Gill 2008a: 26). Moreover, the reason for the clash of interests between the national

and transnational capital is given as the contrast between their structural powers relative to the state. That is to say that contrary to the mobility of transnational capital, the national capital is immobile, thus they are vulnerable to state policies that hamper the market conditions such as additional taxes or expropriations (Gill 2008: 485). Finally, 'limits of the possible' for the labor are severely constrained by its immobility compared to the mobility of transnational capital (Gill and Law 1989: 487).

As a result, contrary to Gill and Law's (1989: 491) initial assertion of the importance of the national states in the process of globalization, he furthers the analytical repercussions of neo-Gramscian approach further towards the transnational processes of civil society, historic bloc formations and hegemonic struggles than Cox does. Therefore, in Gill's account, the emphasis on the role of the state in the era of neoliberal globalization is left overlooked. The main reason for the neglect of the role of the state is conceiving capital and the state in terms of external relations. In Gill's analysis, 'power of capital' and 'power of the state' is contrasted and it is argued that globalization is the process in which the capital acquires relative power to impose its interests on the state. For such a conceptualization, not only conceiving the state as external to the capital relation, but also theorizing the state as a subject with its own power and interests outside of the social forces becomes deeply problematic (Poulantzas 2000: 148). For the state is perceived as a subject, it becomes possible with the globalization that 'the structural power of capital' raises enough to abolish the national form of the state and replace it with transnational political organization. This leads to the second flaw of Gill's analysis that national form of the political in capitalism is not understood as an inherent contradiction of the capital relation. Although Gill (2008c: 190) attests that "the economic system is one of increasingly planetary reach, whereas political authority is still primarily constituted at the national level", he perceives this contradiction as an 'irregularity' or 'problem' to be solved, not as an inherent feature of the capital relation. Indeed for Gill (2008: 144), there is some nascent form of 'international authority' in the way to solve this problem towards the global state. To conclude, in Gill's analysis, the neo-

Gramscian tendency to conceive state and capital and global and national as externally related phenomena continues.

Two other contributors to neo-Gramscian approach, namely Kees van der Pijl and William I. Robinson, adopt more explicit perspectives towards the abandonment of the nation-centric explications and concentration on transnational analyses of social forces, and political and economic processes. In this manner, Kees van der Pijl locates the analysis of globalization in the hegemonic projects of transnational capitalist class<sup>7</sup>. The world history is conceived as the transnational expansion of the Lockean heartland by integrating Hobbesian states into the liberal comprehensive concept of control. Throughout the 20<sup>th</sup> century, there has been a gradual process of confrontation and integration by the transformation of state classes of contender states into a transnational capitalist class (van der Pijl 1998: 117). The history of the twentieth century proves the hegemonic, i.e. comprehensive, capacity of liberalism adopted by the transnational capitalist class. This comprehensive capacity comes from Lockean state-society complex's ability to transcend immediate clash of interests in society with the help of transnational constellations of concepts of control, whereas Hobbesian state purportedly lacks this transnational hegemonic capability (van der Pijl 1998: 83).

For van der Pijl, globalization is not conceived as a new phenomenon for the world history. By articulating Marx's abstraction of capital-in-general into the Lockean concept of control, van der Pijl (1998: 78) argues that operation of 'total capital' on the world scale dates back to the expansion of capitalism under British hegemony in the 19<sup>th</sup> century. For Van der Pijl (2006: 15), total capital operates in an 'imaginary' smooth space that cannot be internalized by states. Thus, 'total capital' has always been global and 'external to the states'. Moreover, 'total capital on the world scale' has been underpinned by the existence of a Lockean 'world state' and by a 'transnational society' (van der Pijl 1998: 72). Pax Britannica and Pax Americana are given as examples of such a 'world state'.

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<sup>7</sup> See Journal of International Relations and Development volume 7, number 2, 2004 for a collection of essays from the members of the so-called Amsterdam International Political Economy project which is considered as a strand within neo-Gramscian approach.

Globalization extends the content and access of this ‘world state’ in the sense that “the world wide integration of economic, social and political organization into a mediated complex of state and quasi state authority” (van der Pijl 1998: 162)<sup>8</sup>. In the globalization process, the national state’s functions should be expected to be devolved to transnational quasi-state structures (van der Pijl 2006: 11). Van der Pijl (2006) discerns the European Union as such a process of transnational state formation in the era of globalization. However, van der Pijl (2001) feels the need to underscore the remaining importance of the nation states in the reproduction of capital accumulation by guaranteeing the subordination of labor and cohesion of society.

Van der Pijl’s conceptualization of global capital is an important contribution to the analysis of globalization. His emphasis that ‘total capital’ has always operated at the global scale overcomes the ‘epochal shift’ notion about globalization, and adequately historicizes the development of globalization, not as a completely new phenomenon, but as an inherent feature of capitalist relations of production (van der Pijl 2006: 15). However, his conception of ‘total capital’ is devoid of its antagonistic nature, thus of its contradictions and crisis-tendencies. Therefore, his analysis of globalization ignores the repercussions of contradictions of total capital, which leads to the neglect of transformations in the form of the globalization of capital and also of its uneven development and differentiated character. The neglect of these processes leads him to ignore the significance of the role of the national states and to argue for the existence of a ‘world state’ (van der Pijl 1998: 72). Another shortcoming in Van der Pijl’s analysis of ‘total capital’ is the assertion that it purportedly operates on the global ‘smooth space’. Such a conceptualization of a homogenous global space devoid of territorial differentiation is fundamentally flawed since the accumulation of capital, even if it is inherently global, always takes place in and between territorially demarcated geographical regions, and since as it is frequently noted that accumulation is

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<sup>8</sup> Neil Brenner (2004: 47) criticizes neo-Gramscian approach for carrying “state-centrism on a world scale”. In such an approach, “the modifier ‘global’ is positioned before a traditionally state-centric, territorialist concept – society, civil society, or culture- in order to demarcate a realm of social interaction that transcends the borders of any single state territory” (Brenner 2004: 48).

subject to uneven geographical development (Harvey 2001a: 330; 2006: 416). In van der Pijl's analysis, the state's only role can be challenging the process of globalization in the Hobbesian contender countries. Therefore, he conceives the state as an autonomous subject with its own set of interests which would be currently challenging the globalization project of transnational capitalist class. Otherwise, they would be threatened "to lose real sovereignty and pass under foreign tutelage" of the organizations like the IMF, WB or WTO (van der Pijl 2001: 497). Such a one-way account of globalization as if it is a project imposed by Anglo-Saxon Lockean states, obscures an analysis of globalization that takes into account the capital's needs and state's role in the global accumulation in almost all the countries in the world including late industrializing countries.

Following the parallel theoretical framework with other neo-Gramscian scholars, Robinson (2001: 169) relates the rising 'structural power of capital' relative to power of the national state with the process of globalization; yet he goes furthest to comprehend this process as the rise of a 'transnational state (TNS)'. Robinson (1996a; 1996b; 2004: 4) argues that globalization corresponds to a great transformation in the history of capitalism, or to 'an epochal shift' in which it becomes no longer possible to analyze the social activity on the basis of national or territorial units. 'Full mobility' of capital and technological innovations is allegedly rendered the nation state redundant against the power of transnational capital (Robinson 1996a: 367). Globalization corresponds to an epochal shift in the base of capitalist production relations which has become increasingly transnational in the last three decades (Robinson 2004: 5). Concomitant to economic transformations, Robinson (1996a: 8, 32) argues, according to base-superstructure dialectic, the ideological, political and social patterns have also been transnationalizing. Therefore, "global economy, global society, and transnational political processes" can be conceived as natural outcomes of transnationalization of capital through which the traditional patterns of socio-political and economic activities are deterritorialized towards global scale (Robinson 1996a: 20). To the extent that the global economy is freed from "the regulation by individual nation-states", Robinson (1996a: 35) extols the possibility that many of the indirect mediations – mainly those related to the

nation, and the national state – of the ultimate confrontation between two classes, i.e. global capital and global labor, can be finally abolished. In this process of global society formation, the current disjuncture between the global accumulation of capital and the “institutional system still centered around the nation state” are gradually dissolved towards a ‘transnational state (TNS)’ (Robinson 1996a: 372). The TNS takes the national state’s functions which it assumed throughout the 20<sup>th</sup> century, namely the roles of regulating of the economy and assuring the cohesion in the social formation (Robinson 2004: 42). Following Cox, Robinson (2001: 173) asserts that through the TNS policy-making processes, the transnational bourgeoisie achieves to ‘bypass’ national states and to reduce them to ‘transmission belts’ for the implementation of global policies. Robinson (1996a: 68) argues that a truly global state/civil society complex has become conceivable with the globalization process. Therefore, contrary to previous world orders which were grounded on the hierarchical relations between states; the emerging global order, for the first time, has achieved the hegemony, for it has been configured on a global civil society. As a result, Robinson (1996a: 20) seeks to transcend the nation-centric analysis and develops an analysis of hegemonic world order based on the concepts of “global economy, global society, and transnational political processes”.

Similar to other neo-Gramscian scholars, Robinson contemplates on the dualisms of capital/state and global/national. To the extent that globalization is conceived as a neutral or ‘objective’ upshot of full mobility and technological innovations, neo-Gramscian scholars envisage a concomitant rise in the power of capital. Thereby, the emphasis on the rise of the structural power of capital in the wake of globalization excludes an analysis of the role of the state in this process. Indeed, Robinson (1996b: 17) argues that “states are excluded” from the making of global hegemonic order. In his analysis, capitalism is not considered in terms of its contradictions, especially the contradiction between global form of capital accumulation and the national form of the political organization (Burnham 2006: 33). Parallel to this conviction, the national state is only conceived as functional to capital, thus to the extent that the nation-state no more corresponds to the needs of global capital, it can gradually be abolished. The notion of global hegemony is

based on “the gradual separation of class power and state power (or the structural power of capital and the direct power of states)” (Robinson 1996a: 25). Such an approach also makes his analysis problematic, for he attributes the state a separate existence outside of the class forces (cf. Poulantzas 2000: 129). Furthermore, the neglect of competition and rivalries within capital accumulation leads Robinson (1996a: 34) to state that “the logics of local and global accumulation increasingly coincide”. Therefore, it is no longer appropriate to expect fractions within capital in terms of clash of interests between national and transnational capital (Robinson 1996a: 34). Although this is a valuable criticism against nation-centric accounts of capital fractions, Robinson once again overlooks an inherent feature of capitalism which is competition that leads to various rivalries and tensions within capitalist class. As a result, Robinson conceives the world orders, political and social transformations outside of the capitalist relations of production as it is reduced to the economy. Therefore, in Robinson’s analysis, the concepts of ‘transnational state’ and ‘global civil society’ are based on a functionalist account devoid of an adequate comprehension of the role of class struggles in capitalism.

The recent contributors of neo-Gramscian approach, in an endeavor to develop a relational approach to the analysis of globalization, inaugurate a criticism of ‘transmission belts’ and ‘transnational state’ arguments of other neo-Gramscians in order to transcend the dualism, pluralism, and functionalism in their analyses (Bieler and Morton 2011: 23-24). For them, the historical constitution of capitalist relations of production corresponds the concurrent development of the international character of accumulation and the international system of national states (Bieler and Morton 2011: 2; Rupert 1995: 32-33). Therefore, in the analysis of globalization they emphasize the unfolding of historical contradictory unity of the global capital and the national state, they do not anticipate ‘the retreat of the national state’ (Bieler and Morton 2011: 33). In their analysis of globalization, they concentrate on the power struggles between class forces in political, economic, and ideological forms of relations of production, and elaborate on the transformations of the state as an outcome of interplay between the class forces (Bieler and Morton 2006b: 171). Therefore, the emergence of the new forms of the national state in the wake of current globalization is considered as the

consequence of the domination and hegemony of transnational capitalist class fraction's over other capital fractions (Bieler and Morton 2006b: 172). A more crucial aspect of the state transformation in globalization is allegedly comprised of the subordination of labor at a more intense level to exacerbate the conditions of overaccumulated capital. They underscore that contrary to expectations of other neo-Gramscian scholars, the expansion of overaccumulated capital does not result in 'homogenizing', smoothening or deterritorialization of neither capital nor geographical space. Therefore, the uneven development between national territories, and consequently the 'interstate rivalry' continue to comprise the fundamental processes and tensions of capitalist relations of production more than ever in the wake of globalization (Bieler and Morton 2011: 13, 25). Finally, the national state assumes crucial roles in the globalization of capital process to the extent that it 'internalizes' the transnational capitalist class and concomitantly the conditions of global capital within its form (Bieler and Morton 2011: 34).

#### **2.4. Conclusion**

Neo-Gramscian analysis seeks to introduce a methodology to overcome the dualism of structure and agency into the international relations theory. Gramsci's concepts of hegemonic struggles, historical blocs and state/society complexes are purported to serve this purpose. Moreover, giving equal weight to material forces, ideas and institutions 'in the making of history' allegedly helps to transcend that dualism<sup>9</sup>. In this vein, structures are conceived as 'historical' in order to emphasize the role of 'intersubjective meanings' among social forces (Gill 2008a: 20). Thus, contrary to state-centric methodology of neo-realist international relations theory, world orders are not conceived in terms of domination relations between states, but considered as hegemonic relations between social forces.

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<sup>9</sup> Burnham (2006: 32) is not convinced with the neo-Gramscian claim of overcoming the structure / agency dualism with their methodology: "the true consequence of this position is to produce a pluralist empiricism which lacks the power to explain either the systematic connection between values, social relations and institutions or the extent to which the historical appearance of capital as a social relation transforms the social order in such a way that all relations are subsumed under the capital relation as the basis of the valorization process".

Neo-Gramscian approach emphasizes the correlation between the globalization process and the rising ‘structural power of capital’ from the 1970s onwards. Then the reasons behind the rising structural power of capital are enumerated as technological improvements in the production and finance, the increasing mobility of capital at the global scale, and the dominance of the finance over the ‘real’ economy. It is claimed that these developments increased the ability of capital to suppress labor and to avoid state interventions. The structural power of capital amalgamated with the discourse on ‘disciplinary neo-liberalism’ enabled capital to subordinate all the material forces into the capital accumulation process and to search for the most profitable investment opportunities at the world scale. This process is guided under the hegemonic leadership of transnational ‘managerial’ or ‘capitalist’ class, which increasingly assumes the economic decision making role at transnational scale formerly performed by the nation states. This process of global economy together with the emerging of the nascent form of an international state leaves the nation state at the marginal, if not external, position to this transformation. The individual states are thus degraded to simple ‘transmission belts’ for the decisions of transnational quasi-state institutions. ‘The limits of the possible’ for the nation state is drawn by the role of providing the suitable conditions for global competition, so that the nation state becomes devoid of any capability to challenge the hegemony of transnational capital. Finally, it is argued that the emerging global order would have the ability to become hegemonic to the extent that it is supported by the emergence of a transnational civil society.

The globalization analysis of neo-Gramscian approach can be criticized for being predicated on the dualisms of state / capital and global / national. This dualistic conception stems from that the capitalist relations of production are conceived in a reductionist manner and as external to the process of globalization. Therefore, the approach’s analysis is not concentrated on the purpose of unraveling the surface appearances in capitalism and of emphasizing the inherent contradictions of capital relation. Instead of emphasizing the internal relations between state and capital or global and national processes, the approach juxtaposes these social categories in opposition to each other (Bedirhanoğlu 2008: 56). Thus, neo-Gramscian approach does not provide an adequate conceptual framework for

overcoming the liberal globalist arguments of zero-sum relations between global capital and the national state. Globalization is equated with the rise in the structural power of capital against the state (cf. Lacher 2008: 47). For such a perspective, the role of the state in globalization process is reduced to pursuit of functional requirements of hegemonic fraction of capital, i.e. the transnational capitalist class. Moreover, global scale is positioned against the national scale, as if the national scale cannot be the realm of social relations that would result in the processes and relations which is called as globalization. The neglect of the primacy of capitalist relations of production also leads the approach to underrating of the significance of class struggles and contradictions of capital relation that becomes substantial in the process of globalization. The first upshot of this neglect is the comprehension of globalization as an epochal transformation which would fundamentally alter the processes, contradictions, and organization of capitalist relations of production. The second repercussion of this neglect is related to the false assertion of neo-Gramscian school that globalization is predicated on the dominance of finance over the 'real' economy. This approach of the school degrades total capital into the one form of capital, i.e. money capital. Thus, the globalization process is comprehended as the deterritorialized 'smooth' space of mobile money or finance capital. This is fundamentally flawed, because the dependence of finance on the production of surplus value, i.e. the moment of productive capital, in capitalism is neglected. Therefore, one of the main contradictions of capital accumulation is overlooked which is the contradiction between mobility and fixity in capitalism. That is to say that in capitalism any effort to mobilize capital in order to realize surplus value necessarily produces fixity in space, for the productive activity is realized on and the mobility of capital is also dependent on the configuration of physical space (Harvey 1985: 149). This inherent contradiction of capitalism can be said to increase with the globalization process. In the wake of globalization, this contradiction expands into the world scale thus it accelerates the crisis tendencies to the extent that it becomes harder to mediate this contradiction.

Neo-Gramscian approach's analysis of the role of the nation state in the wake of globalization reflects their dualism stemming from the neglect of the unity of class

struggles in the capital relation. Their dualism leads to a misunderstanding of the contradiction between the global accumulation of capital and the national form of the regulation of accumulation (Bryan 1995a). Since neo-Gramscian approach does not conceive the internal relations between the economic and the political within capital relation, they posit the globalization as the solution of this contradiction in favor of the global economy and global form of policy making. Neo-Gramscian approach's assertion that attributes the increasing policy-making power to transnational *quasi*-state authorities tends to conceive the nation state in an 'outside-in' perspective (Panitch 1994: 69). Such a conceptualization further hinders the understanding of the role of the state in the globalization process. Instead, the state, for being the nodal point of class struggles in capitalism, should be viewed as the indispensable part of the globalization. Moreover, neo-Gramscian claim of the devolution of economic policy making authority to transnational level while the state maintains its ideological and political functions to suppress labor is fundamentally flawed<sup>10</sup>. For the state, as a social relation and as the form assumed by class struggles, expresses the contradictions of capital relation in itself. Thus the contradiction between global economy and the national state is expressed by the state's apparent inability to control the economy in its boundaries. However, this contradiction is not to be comprehended as the problem of particular states which could be solved by the emerging transnational state, but should be viewed as the crisis of the capitalist state which means the crisis of the capital relation itself. The oversight of the unity of class relation in capitalism results in that neo-Gramscian endeavor to overcome dualisms between structure and agency and state and capital slides back into the oscillation between structural-functionalism and pluralism (cf. Bonefeld 2006: 177; Burnham 2006: 32; Lacher 2008: 47, 57). On the one hand, the relations of production are reduced to structure conceived as objective realm of economic institutional organizations, production processes, and monetary norms etc. On the other hand, various social forces (corporations and

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<sup>10</sup> It is important to keep Poulantzas's (1975: 81) warning in mind on this point that: "The economic functions of the state are in fact expressions of its overall political role in exploitation and class domination... It is impossible to separate the various interventions of the state and their aspects, in such a way as to envisage the possibility of an effective transfer of its 'economic functions' to supranation or super-state apparatuses, while the national state would retain only a repressive or ideological role; at the very most, there is sometimes a delegation in the exercise of these functions."

banks, their managers, bureaucrats, and also intellectuals), deriving their roots from these structural realm of relations of production, confront and challenge each other in the political realm. As a result of these confrontations a hegemonic social force consolidates its power and reacts back into the economic realm to further strengthen its economic base and also stabilizing and regulating the economy to prevent its vicissitudes by using state power and policies (Bieler and Morton 2006a: 17; Cox 1987: 229-30; Gill 2008: 16; van der Pijl 1998: 51). In such an account, the dualism between the political and economic is evident and the state is considered as a functional unit for hegemonic social force. Neo-Gramscian assertion of the 'reciprocity' between economic, political and ideological realms is not an adequate conceptualization of the internal relations between these moments as the forms of existence of the unity of capitalist relations of production. In conclusion, it can be stated that, with an exception of Rupert, Bieler and Morton, neo-Gramscian scholars cannot meet Antonio Gramsci's premises of the concentration of the analysis on the contradictions of social relations of production rather than searching for "regularity, normality, and uniformity"; and of the conception of the separate existence of political and economic as 'methodological' rather than 'organic' (Gramsci 1971: 160, 437). Nevertheless, Rupert, Bieler and Morton's contributions to relational perspective to the state and capital should be denoted. They conceive the state and capital in their interrelations in the capitalist relations of production. Thus, they assert the historical unity of global character of capital accumulation and the international state system against the conceptions that conceive these phenomena in opposition.

## CHAPTER 3

### THE REGULATION APPROACH

#### 3.1. Introduction

The regulation approach was initially developed in the critical political economy studies of the French scholars, namely Aglietta, Boyer and Lipietz in the 1970s. Michel Aglietta's inaugural book, *A Theory of Capitalist Regulation* published in 1976 in French, is accepted as the first comprehensive account of the capitalist economy from the perspective of regulation. Since the inception of the regulation theory in France, the research from this perspective has been bourgeoned as a fruitful framework for the study of socio-economic processes in many countries. The common concern for the pioneers of the regulation research was developing a historical analysis of the reasons for the experience of three glorious decades of capitalism without major disruptions since the World War II and for its eventual crisis in the 1970s. Given the information that capitalist social relations are full of imbalances, ruptures and crises, the regulation school questioned the forms and mechanisms that enable capitalism to survive in the wake of various crisis tendencies (Jessop 1990b: 22). The regulation approach pursues a method of analysis that seeks to elucidate the regularities in the economic conduct by emphasizing their constitution through the processes of institutionalization of social conditions. In this vein, the approach underscores the importance of interrogating each period of capitalism engendering specific regular patterns so as to necessitate the development of models of analysis that are appropriate the elucidation of each period's specific regularities (Jessop 1997).

Various scholars from the regulation school have contemplated on the relation between the globalization of economy and transformations of the national state. In this chapter, the regulation approach's elaboration on the relations between capital

and the state, and global and national scales will be examined in the context of its contributions to the analysis of globalization. In the next section, the regulation perspective's methodology and analysis of the economic and political activities will be critically examined. The third section will be devoted to the elaboration of the regulation approach's investigation of the transformations in the relation between capital and the state in the period of globalization. Also in the third section, Bob Jessop's strategic-relational approach's contributions to the regulationist analyses of globalization will be put under critical scrutiny. The fourth section will summarize the analysis of regulation and its critical evaluation.

### **3.2. Conceptual Foundations of the Regulation Approach**

The regulation approach does not infer the forms and mechanisms of reproduction of capitalism from an axiomatic set of concepts derived from an abstract economic theory. Therefore, for the regulation approach the economy rejects the notion of economy as a realm of transhistorical objective laws and emphasizes 'the social embeddedness' of economic relations (Aglietta 1979: 22). For the approach, the reproduction of capitalism directly refers to the reproduction of a historically specific structure of the society (Boyer 1990). In this context, the approach criticizes two currents of thought which are neo-classical economic theory and structuralism. The mainstream or neo-classical equilibrium theory is criticized for its inability "to give a historical account of economic facts" and "to express the social content of economic relations, and consequently to interpret the forces and conflicts at work in the economic process" (Aglietta 1979: 9). Moreover, it is argued that the assumption of a self-stabilizing, balanced movement of markets and the constant equilibrium do not reflect the reality (Boyer 1990: 45). For, the market relation is itself a social relation whose reproduction depends on the social framework within which it operates. On the other hand, although the regulation scholars acknowledge their inspirations from the structuralist theories of Louis Althusser and Etienne Balibar, they criticize structuralism for their inability to account for social transformations and change (Jessop 1990b: 22). The regulation approach's emphasis on the social character of the mode of production also underscores the historical contingency and variations

among geographies and social formations (Boyer 2002: 2). Thus, structuralism is criticized for conceiving the structure as a self-reproducing power outside of and imposing itself upon social agencies, and also for undermining the historical variability as the consequence of the interactions between those agencies (Boyer and Saillard 2002: 38). However, the regulation school does not intend to argue for voluntarism either, thereby reproduction of a mode of production in a historical moment cannot be conceived as the outcome of the ‘intentional actions’ of social agencies (Boyer 1990: 47; Jessop 1990b: 53). Structuralism is partially favoured for its emphasis on the impacts of structural constellations on social forces in the long time periods (Boyer 1990: 85). However, on the criticism of inability to account for change against structuralism, the regulation approach refuses “the idea of general, eternal law applicable to all socioeconomic systems” (Boyer 1990: VII). Thus, the approach argues that each social formation’s historical peculiarities are to be taken into consideration.

The methodology of the regulation approach derives its roots from its affinity for the epistemology and ontology of the scientific realism, thus the regulation approach embraces what Jessop calls ‘method of articulation’ (Jessop 1990b: 2). Therefore, the regulation scholars contemplate on the transformations of the historically determinate social formations by continuously developing and introducing new concepts throughout the movement from most abstract determinations to most concrete conjunctural patterns. In the case of capitalism, the analysis is based on the movement from abstract laws of capitalist accumulation to the concrete determinations of various forms of constellations of social relations in different conjunctures and social formations. Hence, by continuously introducing new concepts, it is intended to build the “interaction between historical analysis and conceptual development” (Aglietta 1979: 380).

The regulation analysis begins with the determinations and laws of motion of the mode of production, which is capitalist. The mode of production constitutes the ‘invariant element’ in capitalism that enables it to exist, however the invariant element itself is conditioned by many factors surrounding it. Thus “[s]o long as the reproduction of the fundamental invariant is not put in question, the

quantitative parameters of the system can develop continuously. But there exists weak points or zones where corrective mechanisms can break down” (Aglietta 1979: 20). Such a conceptualization purportedly allows the understanding of ‘ruptures’ and ‘transformations’ in capitalism without undermining its essential dynamics. Those ruptures and transformations can be properly understood in more concrete levels of analysis. The concept of ‘regime of accumulation’ serves this purpose:

“A *regime of accumulation* describes the fairly long-term stabilization of the allocation of social production between consumption and accumulation. This implies a certain correspondence between the transformation of the conditions of production and the transformation of the conditions of the reproduction of wage-labour, between certain of the modalities in which capitalism is articulated with other modes of production within a *national economic and social formation*, and between the social and economic formation under consideration and its ‘outside world” (Lipietz 1987: 14).

The regime of accumulation’s distinguishing feature is its ability to provide stability and cohesion in the long-term between technological paradigms of production, working conditions of labor, and living conditions of labor. It should also be noted that regime of accumulation is a concept which is developed with explicit reference to national scale and formations. The regulation scholars seek to differentiate their analysis through the concepts that enable the elaboration of the concrete historical and geographical contingencies that are experienced in each national formation. Therefore, a third level of analysis, which completes the framework for the concrete analyses of national formation, is ‘institutional forms’, i.e. ‘institutionalized compromises’, that help to stabilize an emerging regime of accumulation (Boyer 1990: 107). For Aglietta (1979), the most important institutional forms that define a regime of accumulation are ‘wage-labour relation’ and ‘form of competition’. The wage-labour relation indicates a regime of accumulation’s potential strength because it constitutes the fundamentals of the capital accumulation process that is the relation between patterns of production

and consumption (Aglietta 1979: 190). The form of competition refers to relations between individual capitals; thereby their interrelations hinder their ability to enforce their collective, partial, or individual interests to the society. Other institutional forms that determine the stability of a regime of accumulation are money, national regime's insertion into the international regime, and the state. In each regime of accumulation there emerges a certain hierarchy between institutional forms, which is subject to change to the extent that the regime changes (Boyer and Saillard 2002: 39).

Regimes of accumulation refer to relatively stable periods of accumulation through which contradictions and crisis tendencies of accumulation are mediated without dissolving the very basis of accumulation. Two stable types of regimes of accumulation are distinguished, namely extensive and intensive regimes of accumulation. Two types are characterized by the dominant form of relative surplus value extraction. Form of relative surplus value is related to the transformations in the conditions of production, which means the introduction of new production technologies and new organization techniques of production. Whereas an extensive regime of accumulation provides the relative surplus value extraction without changing the consumption norms of the working class, an intensive regime of accumulation simultaneously transforms both the production and consumption norms (Aglietta 1979). The difference between these two types is related to the vulnerability of the extensive regime to severe imbalances and consequently crises of capitalism whereas the intensive regimes of accumulation develop significant mechanisms to contain or mediate the crisis-tendencies. According to Aglietta (1979: 285), the crisis-tendencies spring from the fact that the norms of production and consumption tend to develop unevenly, thereby for a stable period a regime of accumulation should mitigate the uneven development between the two. This compulsion of balancing the uneven development enforces ruling classes to mediate the contradiction of the 'wage relation', which derives from the hallmark of labour for constituting both a cost of production and the revenue for the extended production. That is to say in a stable regime of accumulation "the transformations in the conditions of production, which are inherent to the antagonism of wage relation, are interconnected in such a way that

developments in the macrostructure of production and the division of total income are compatible” (Aglietta 1979: 285).

The stability of a regime of accumulation is correlated with an important concept for the regulation approach which is the ‘mode of regulation’. A mode of regulation is the set of ‘internalized rules’, ‘social procedures’, collective behavior, norms, mediations and mechanisms through which the compatibility between the regime of accumulation and the social cohesion in a particular national society is ensured despite the distortions, imbalances, antagonisms created by the accumulation process (Boyer 1990: 43; Jessop 1990b: 27; Dunford 2000: 2). All the regulation scholars share the view that the concept of mode of regulation is strictly confined to national context. Thus, the mode of regulation is developed to contemplate on the historical and geographical characteristics of each concrete period in each national society. Moreover, the regulation approach purportedly rejects a direct correspondence between regime of accumulation and mode of regulation, and conveys the contingent character of their relation. Hence, it is argued that despite a regime of accumulation’s existence, there is no a priori reason to assume that a compatible mode of regulation may emerge in that national context (Jessop 1990b: 53). However, the regulation approach asserts that historically the extensive regime of accumulation corresponds to the competitive mode of regulation, whereas the intensive regime of accumulation is related to the monopolistic mode of regulation (Jessop 1990b: 4).

The distinctiveness of modes of regulation corresponds to the different stages or periods of the history of capitalism. The regulation perspective attributes a crucial emphasis to the periodization of the history of capitalism in terms of the dominant regimes of accumulation. For each period, a specific mode of regulation is engendered from constellation of the specific institutional forms, norms, mechanisms and rules of social relations. Therefore, each mode of regulation should be examined with its characteristic social dynamics; that is to say that particular ‘laws of motion’ are engendered in each mode of regulation (Jessop 1990b: 46). These specific laws of motion, in turn, internalize and modify the ‘invariant element’s laws and tendencies, i.e. the capitalist mode of production

itself is transformed through a particular mode of regulation. From this assertion two consequences are derived. First, each mode of regulation is to be investigated with the concepts that are exclusive to that mode of regulation's particular dynamics. Second, the stages tend to be constructed as ideal types, thereby the tendency for the regulation approach becomes underscoring the differences and ruptures between stages in so far as the inherent laws of motion of capitalist mode of production is overlooked in the analysis.

It is widely stated that the regulation approach suffers from its neglect of the importance of the state in their analysis (Jessop 1990b). Nevertheless, for the regulation approach, the state exerts pertinent power on the configuration and consolidation of the modes of regulation and the regimes of accumulation. The regulation perspective emphasizes the state's role in the determination of the institutional forms – wage-labour relation, forms of competition, monetary regimes, and modes of insertion into international regimes (Boyer and Saillard 2002). For Aglietta (1979: 27) and Boyer (1990: 42), the importance of the state stems from its crucial role in the 'institutionalization' of processes such as relations between labor and capital, and consumption norms. Therefore, the state, itself being 'the set of *institutionalized compromises*', plays fundamental role in transforming the social relations of a period into 'structural forms' through the 'institutionalization' (Aglietta 1979: 27; Boyer 1990: 41). Furthermore, the state, due to the separation of political and economic in capitalist mode of production, is placed in a distance from the economic and constituted in the realm of the 'extra-economic' or 'civil society' (Jessop 1990b: 30). Boyer (1990: 42) attests that it should be expected that changes in the regimes of accumulation is accompanied by the changes in the realm of civil society, and thus in the form of the state. In a competitive mode of regulation, "the state limits itself to maintaining the legal and social conditions that make labour power a free commodity and ensure the permanence of money relation", whereas in a monopoly mode of regulation "[p]roviding for the collective aspects of the long-term reproduction of the work forces and controlling credit in order to ensure the continuity of accumulation then become two of its essential tasks" (Boyer 1990: 75). Lipietz (1987) contributes to the analysis of the state by introducing the Gramscian notion of hegemony into

the regulation approach. According to Lipietz (1987), it is the formation of a hegemonic bloc that ensures the reproduction of a regime of accumulation and the cohesion between mode of production and social forces.

The state also constitutes the content of another institutional form that is the mode of insertion into international regimes. It is important to remember that the regulation approach confines the scale of regimes of accumulation and modes of regulation to the national scale (Lipietz 1987: 20; Boyer and Saillard 2002: 41; Jessop 1990b: 9-10). Therefore, the mode of insertion into international regimes can be conceived with reference to each national formation's internal dynamics. The possibility of a global regime can only be comprehended as the summing up of national regimes of accumulation (Lipietz 1987: 93). In the regulation analysis the international regime occupies a marginal role to the extent that the choice of a mode of international regime – which is constituted through the choice of exchange rate regime, openness to foreign capital etc. – is the outcome of the institutional arrangements in a national formation.

The regulation approach was initiated as a premise of overcoming the linear deterministic reading of the history in terms of objective laws and reinvigorating an analysis based on 'the social embeddedness of economy' (Aglietta 1979: 22). However, a critical scrutiny demonstrates that there are series of shortcomings in the approach to overcome structuralism and emphasize the role of class relations, and also to avoid functionalism and dualism between the political and economic, and the state and capital. First, the concept of 'regimes of accumulation' has been derived from the technical-institutional organizations of labor processes and the consumption norms. Such a conceptualization embraces a pre-mature focus on the institutional forms of labor processes and consumption norms, and consequently neglects the underlying causes which are the class struggles between capital and labor in the relations of production. Thereby, the institutional forms of labor processes and consumption norms should be seen as the forms in which class struggles manifest itself (Gough 2001: 31). The regulation conception's upshot is a structural and technical-determinist apprehension of economy to which relations of production is confined. Therefore, the regime of accumulation becomes a

constellation of institutions, devoid of antagonistic character of class relation, and thus of contradictions and crisis-tendencies. Second, the regulation approach retains the dualist view between political and economic. Conceptually, they are seen as autonomously constituted realms having external but related existences to each other. The consequence of this is the functionalism between mode of regulation and regime of accumulation. Within the confines of the regulation approach, the institutional forms (or modes of regulation) can only be conceived as functional to the stabilization of regimes of accumulation (R. Brenner and Glick 1991: 110). The functionalism of the regulation approach also applies to the conceptualization of the state. For the approach, only the state can assume the fundamental role of the stabilization of a regime of accumulation and mode of regulation (Munoz-Martinez 2008: 50). Therefore, the state is also comprehended at a distance from relations of production and as functional to securing the cohesion of the capital accumulation and society. As a result, the regulation approach fails to meet its premise of overcoming structuralism, and falls into dualism and functionalism which hinders its ability to conceive the relational and contradictory character of capital relation, and also of the state.

### **3.3. Crisis of Fordism, Post-Fordism and Globalization**

For the regulation approach, development of capitalism is distinguished into periods in which the specific regimes of accumulation and modes of regulation are amalgamated so as to provide a balanced growth between production and consumption norms through the institutionalization of production processes, wage-labor relations, and also of political and ideological prescriptions that are suitable to these periods' growth patterns. The specific intertwining of a regime of accumulation and the institutional forms of a mode of regulation that constitutes the congruity between the pattern of growth and the regulation of growth in a period is called 'mode of growth' or 'mode of development' (Boyer and Saillard 2002: 41). In such an endeavor, for putting the period of globalization in its historical conjuncture, the regulation school attributes a specific emphasis to the explication of the period of Fordism. The accumulation regime that emerged after the great depression of the 1930s and consolidated after the World War II is

labeled as the period of Fordism. As an intensive accumulation regime, Fordism is analyzed in terms of its dominant form of relative surplus-value extraction, and thus in terms of the consolidation of the forms of organization of labour processes and other institutional forms such as monetary regimes or international regimes.

For the regulation approach, the dominant institutional forms that became the hallmarks of Fordism were wage relation and monetary regime. The congruence between the technical organization of the labour process and the conditions of existence of the working class determined the stability of the wage relation in Fordism. That is to say the mass production of standardized consumption goods was in conformity with the mass consumption of the working class (Aglietta 1979: 95). Moreover, the collective consumption services and welfare provisions of the state also strengthened the congruence between production and consumption and the stability of Fordism. The mode of regulation in capitalism succeeded to institutionalize the cohesion between increases in productivity and increases in the real income (Aglietta 1979: 117; Dunford 2000: 10).

The state in Fordism is labeled as 'welfare state' to the extent that it institutionalized the compromise between capital and labor organizations through collective bargaining mechanisms (Lipietz 1987: 35). Moreover, the state was supposed to provide collective consumption on the areas such as urban infrastructure, education, health etc. The state also played an important role in the monetary regime through its control on demand management, capital flows, and exchange transactions (Jessop 2001: 292). The congruence between the relatively closed national economy and the national state enabled the state to manage the total demand and consequently to contain the tendency to underconsumption crises (Lipietz 1987: 37).

For the regulation approach, crisis of a mode of development is defined as the reaching of its contradictions to a determinate level at which the cohesion between the pattern of accumulation and the social compromises, i.e. institutional forms, are fundamentally ruptured and cannot be reproduced (Boyer 1990: 74). Therefore, it is conveyed that the main reason behind the crisis of Fordism in the

1970s was the increasing tension between the transformations in the labour processes and the working class's reaction to these transformations (Aglietta 1979: 162). Following the working class's resistance, swift decreases in the rates of profit were experienced succeeded by the sharp decreases in investment ratios. As a result of these two events, the creation of new employment opportunities hindered and the unemployment rates escalated. Therefore, the fundamental institutional compromise underpinning Fordism was hampered which was the cohesion between mass production and consumption backed by monetary policies of capital controls and full employment (Aglietta 1979: 163). For the state, the crisis manifested itself as "the accumulation of deficits and the burden of public debt" (Aglietta 1979: 245). Again, the reproduction of crisis as the state budget and debt crisis was exacerbated by the increasing collective consumption demands of the working class (Aglietta 1979: 248).

For the regulation approach, various factors, which were directly or indirectly related to the crisis of profitability mushroomed in the 1960s and culminated in the 1970s, further undermined the fundamentals of the stability of Fordist mode of development. The glut of capital in the speculative money form, known as petrodollars which sprang from the oil-exporting countries, flowed to advanced and industrializing countries in which the outcome was the diminishing of capital controls. However, in so far as the profitability crisis could not be consolidated, the upshot became the increase in inflation, the rise in the insolvency of public and private debts. Consequently, the international monetary regime of Fordism, that is the Bretton Woods agreement on fixed exchange rates and capital controls, was abolished which further deteriorated the stalemate of regulating the law profitability crisis concomitant to the decreasing ability of national states to ensure the stability of monetary regime (Boyer 1990: 103; Dunford 2000: 15; Jessop 2001: 293). For the regulation approach, the developments of the internationalization of production and the internationalization of financial capital in the 1960s and 1970s comprised two main symptoms that undermined the national character of Fordist mode of development. It is purported that Fordism was predicated on the national control on money and commodity flows in an international milieu that the main form of internationalization was confined to the

trade of commodities (Dunford 2000: 20). However, the crisis of Fordism manifested a growing tendency to internationalization of production and finance in the world throughout the 1960s and the 1970s. The management of national economies, thus, was no more congruent with the spaces of capital accumulation, to ensure a stability of a mode of development within a national scale (Jessop 2001: 292). The reasons behind this were that the labor was increasingly seen as the source of cost for the competition in the international arena, and the money was increasingly subject to the international financial transactions thus its role in the national demand management was challenged (Jessop 2001: 293). Therefore, with the crisis of Fordism, the rupture in the cohesion between the national accumulation regime and the national mode of regulation became evident.

### **3.3.1. The Regulation Approach's Analysis of Globalization**

Following the crisis of Fordism, as capital accumulation reasserted the conditions of profitability for its reproduction in the early 1980s, the scholars from the regulationist persuasion inaugurated new studies on the emerging forms of the organization of production processes, new patterns of accumulation, new production technologies, and new attempts to assert regulation through new forms of hegemonic projects, forms of state and state policies. In this context, the debates in the regulation scholars' analyses have concentrated on the viability of post-Fordist regimes of accumulation and modes of regulation, and also related with that on the pre-eminence of emerging scales for the consolidation of a new mode of development in the wake of internationalization or globalization. For the regulation approach, the rise of neoliberalism, as a political and ideological project for hegemony, deserves due consideration in the analysis of post-Fordist period, for it has been in close relation with the transformations in the mode of development which has paved the way for post-Fordism (Jessop 1994: 260).

Post-Fordist labour process is characterized by “a flexible production process based on flexible machines or systems and an appropriately flexible workforce” (Jessop 1994: 257). Consolidation of this ‘flexible production’ could only become possible with ‘the technological revolution’ and the rise of neoliberal market

ideology (Aglietta 1998: 62). The technological revolution comprises the rise of information and communication technologies and the expansion of knowledge-based sectors. The regulation approach's general tendency to begin with technological changes in the organization of labor process is reiterated in the analysis of post-Fordism. Then, the rise of neoliberal market ideology contributed to the rise of new accumulation regime by its emphasis on the merits of the market mechanisms, entrepreneurialism, innovation, and competitiveness (Jessop 2001: 295; Lipietz 2001: 24).

Two determinant developments that bring about post-Fordist forms, namely the technological revolution and the internationalization, interact in such a way to transform entrenched divisions of labor between nations. As the multinational firms increasingly transcend national boundaries and relocate their production and management in territories with most profitable investment opportunities, a new international division of labor emerges. From the regulation perspective, new international division of labor allocates high-skill and knowledge-intensive branches of industries in the advanced countries, whereas low-skill and labor-intensive branches of manufacturing of consumption and production goods in the industrializing countries (Lipietz 2001: 24; Aglietta 1998: 63). However, the emerging international division of labor is not exclusive to the national scale; the same division of labor is also experienced between regional and urban spaces within and among nations. Therefore, the regulation approach emphasizes that intensifying pressures of competition and flexibility in post-Fordism concurrently take place in many scales, thus the research of contemporary capitalist relations should be based on multi-scalar analyses (Boyer 2000: 297; Jessop 2001: 297).

For the regulation approach, the internationalization of production and globalization of finance have rendered the primacy of national economy as an autonomous object of regulation redundant. Although it is purportedly confined to the financial sector, the process of globalization is defined as "the growing interdependence among national markets leading towards a unified world market" (Lipietz 2001: 30). The regulation scholars tend to measure globalization in terms of the level of integration by using the indicators that are inherently limited with

the assumption of autonomous national economies<sup>11</sup>. Therefore, the regulation scholars dispel the term globalization in favor of the ‘internationalization’. The internationalization of production and the rise of foreign debt mainly in the form of petro- and euro-dollars contributed to the crisis of Fordism. These forms of internationalization also paved the way for the rise of foreign direct investments and the international financial markets (Boyer 2000: 288-9). The regulation scholars share certain pessimism about the pre-eminence of financial capital which deteriorates the stability of new industrial regimes of accumulation, absence of which purportedly mean deteriorating conditions for the laboring population of the world (Boyer 2000; Lipietz 2001). The globalization of finance stimulates the search for the most profitable and speculative short-term investment opportunities that hampers the primacy of industrial growth strategies. In other words, Fordism’s distributive mechanisms of the ‘real’ economy are being sacrificed to the whims of the global financial corporations (Dunford 2000: 23; Aglietta 1998: 73; Lipietz 2001: 30). Boyer (2000: 311) defines the burgeoning mode of regulation dominant in the period of globalization as ‘an accumulation regime governed by finance’.

According to the regulation perspective, in the post-Fordist period, the internationalization of production and finance has led to profound transformations in the institutional forms of Fordism. First of all, the wage-labor nexus of Fordism which was considered as the object of Keynesian demand management and ‘source of demand’ for domestic consumption was severely undermined by the international competition. The rising unemployment levels and the diminution of collective bargaining power of labor have strengthened the tendency that wage-earners were no more seen as a source of demand, but as a cost of production (Aglietta 1998: 66). Corporations have increasingly enhanced their multinational investments and consequently improved their ability to avoid sharing their revenues with the labor through distributive mechanisms of national policies. Instead, by internationalizing the production capital has enforced the states to

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<sup>11</sup> Such measures are the share of foreign trade in GDP, ratio of foreign debts, amount of foreign direct investments etc. (Boyer and Drache 1996: 10). For a critic of such an assumption, see the introduction of this thesis.

compete with each other and to offer most profitable investment opportunities (Aglietta 1998: 81). Moreover, changes in the monetary regimes have also accentuated the tendency to dissolve national labor-capital compromises of Fordist period. As a result of movement towards conception of labor as a cost of production and towards the globalization of finance, national monies have no longer been seen as a medium of consumption or source of demand, but as a repository of value and medium of global financial transactions. Consequently, the international form of money has undermined the Keynesian demand-side fiscal policies, and replaced it with the supply-side monetary policies (Jessop and Sum 2006: 79-80).

The regulation scholars seem to concur that despite the decline in the national economic autonomy in the wake of globalization, the nation state retains its fundamental role in the regulation of capital accumulation processes (Lipietz 2001: 30). However, the stability of cohesion between accumulation and social progress, allegedly, can only be realized within national boundaries (Aglietta 1998: 67; Dunford 2000: 25; Lipietz 2003: 241). Given the 'economic retreat of the state' and the internationalization of the economy, the lack of national coherence was the reason that following the demise of Fordism a viable mode of regulation could not emerge in the 1980s and 1990s (Jessop 1994: 260; Jessop 2001: 294; Lipietz 2003: 250). The globalization could only be viable if it is 'designated' by the national states (Boyer 2000: 296). Although, some regulation scholars pay attention to the contingency of sub- and supra-national modes of regulation (Boyer 2000: 297; Jessop 1994: 264), they continue to share the idea that emergence of a new mode of regulation would be the outcome of rivalries between various configurations of modes of regulation in different national states (Boyer and Drache 1996: 1; Lipietz 2001: 25).

For the regulation approach, despite the decline in its powers to regulate the economy in the conjuncture of globalization, the nation state has assumed fundamental roles in the institutionalization of the emerging labor processes and financial transactions in the struggle of rendering them congruent with the international competition and mobility (Jessop 1994: 263). Therefore, the

regulation scholars countervail to the neoliberal assertion that globalization has engendered despite the state's resistance and rendered it impotent. On the contrary, it is argued that it has been neoliberal state policies which brought about the process of globalization (Boyer 2000: 297). These policies included monetarist policies to provide profitable speculation opportunities to the global financial capital (Dunford 2000: 22); supply-side policies to repress labor and decrease the costs of production; and the abolition of restrictions on capital flows etc. (Aglietta 1998: 68). As a result the state has been increasingly oriented towards the international economy, and it has assumed the role of improving the competitiveness of its national territory for the international investments and also the role of representing its 'national firms' in the international arena (Lipietz 2003: 250; Jessop and Sum 2006: 108).

The regulation approach retains the view that the state continues to be one of the main nodal points for the elucidation of the transformations in the wake of globalization. For it is only through the intervention of the state that markets can function (Aglietta 1979; Boyer and Drache 1996: 13); and also it is only within a national state that reproduction of accumulation can be ensured which refers the state's role of securing the cohesion between accumulation and the social demands (Aglietta 1998: 53; Jessop 1994: 274-5). This is the reason behind the insistence of the regulation approach that even in the period of globalization, capitalism can be analyzed with reference to various configurations within national formations, thus to specific modes of regulation that emerge in different countries (Aglietta 1998: 77). Hence, in the period of globalization in the 1980s and 1990s, a hegemonic mode of regulation had yet to impose itself as a result of continuing rivalries between different models of the US, European, Japanese or Southeast Asian economies (Dunford 2000: 19; Lipietz 2001: 25).

Functionalist and dualist predicaments of the regulation approach, elaborated in the previous section, beget serious shortcomings in its comprehension of the process of globalization. First of all, their explication of the history of capitalism in terms of the concepts of Fordism and post-Fordism constitute a pre-mature concentration on institutional forms and an ideal-typical exposition of capitalist

relations of production. The former promotes an analysis which overlooks the relational, contradictory and conflicting characters of these periods which are the forms of expression of the class struggles inherent in the capitalist relations of production. The latter, the ideal-typical presentation of these periods, hinders the ability to emphasize the continuity of dynamics that are incessantly reproduced by the capital relation. Thus, the elaboration of various forms of capital relation that exists both for Fordist and post-Fordist periods is left unexplored. Moreover, to the extent that ideal-typical conceptualization presents the dynamics of a period in a congruity, the exposition engenders a functional congruence between the political and economic, and between institutional forms and capital accumulation. Thus, as a case in point, the collective bargaining mechanisms and welfare provisions are not seen as the forms that class struggle between capital and labor assumes, but as the result of functionality of these phenomena for the stability of Fordist regime of accumulation. In short, the upshot is the mechanical expression of the political economic history which is devoid of social-relational content (Brenner and Glick 1991: 92).

The regulation approach's detailed analysis of national formations in terms of their particular historical trajectories is generally acknowledged as its strong side. However, this strong side also constitutes a stalemate for the regulation approach, since the inherent dynamics of capitalist relations of production that are not confined to the national scale are neglected in favor of the institutional analyses of the national economies. Indeed, the capitalist relations of production are historically and conceptually never confined to the national scale so as to enable the conception of the national scales as autonomous units of analysis<sup>12</sup>. Moreover, in so far as the analysis centered on the national units confines the regulation approach to the internal dynamics of national formations, the conception of a global process can only be entailed as the summing up of national units or as the relations between national units. Thus, the regulation approach necessarily neglects the unity of global and national and favors either the former or the latter.

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<sup>12</sup> The assertion that the capital relation has never been congruent with the national scale will be elaborated in the chapter 4.

The general criticism of nation-centrism directed against the regulation approach applies to its inability to elucidate the reasons that engender the process of globalization (Jessop 2000: 323). For the regulation, it is only in the national context that a mode of regulation and a regime of accumulation can be stable in the long-period (Aglietta 1998: 67; Dunford 2000: 25; Lipietz 2003: 241). In their elaboration of globalization, the internationalization of production and finance are considered as technical developments devoid of an account of the impact of contradictions and crisis-tendencies of capital accumulation. From the regulation perspective, post-Fordism and globalization, as an ideology favored by proponents of neoliberalism, are functional responses to the internationalization of production and finance. Two predicaments derive their roots from nation-centrism of the regulation approach. First, the extent to which the form and the content of class struggle, and thus of the capital accumulation transcend the national scale is neglected (Bryan 1995a: 57). Thus, the approach conceives the global economy simply as “the aggregation of national economies” (Clarke 1988b: 29). Second, the contradictions of the capital relation that are intensified with the process of globalization are ignored in the approach (Bonefeld 1991: 64). Nevertheless, it should be noted that the approach acknowledges the contradiction between the global form of capital relation and the national form of the state. However, the stalemate of the approach is that, in a dualistic manner, it confines the impact of this contradiction to the crisis of the national state and exempts the capital from this crisis. That is to say, dualism between capital and the state leads to the conclusion that the crisis of the national state is not the form of the crisis of the capital relation that concerns directly the dynamics of capital accumulation, but the crisis of a particular form of the national state autonomous from the economy. Consequently, it is argued by the approach that with a new form of the state, which would be functional to the post-Fordist accumulation regime, this crisis can be avoided. Such a state form could purportedly assume the role of promoting international competitiveness and capital mobility. As a result, once again, the capital relation is conceptualized through the emphasis on stability, consistency, conformity and regularity, instead of its inherent contradictions and crisis-tendencies stemming from its class-relational character.

### **3.3.2. Jessop's Strategic-Relational Approach to Globalization**

Bob Jessop adheres to the methodology of the regulation approach on the analysis of the economy in the capitalist mode of production. He underscores the regulation approach's capacity to apprehend particularities of historical conjunctures by its method of interrogating sustained regularities in the economy throughout a historical period. This methodology also conceives the self-constituting dynamics of each period's economic relations, thus emphasizes that each period incorporates its 'laws of motion' into capitalist mode of production and transforms it (Jessop 1990a: 46). However, Jessop acknowledges shortcomings of the regulation approach that its functionalism, dualism between agency and structure or political and economic, and its neglect on theory of the state. To overcome these drawbacks, Jessop proposes a strategic-relational approach which derives insights from Gramsci, Poulantzas, and Foucault.

Strategic-relational approach seeks to overcome the dualism between structure and agency by focusing on the relational and strategic substances of the social phenomena. It is asserted that structures and strategies are interwoven in the social relations to transform, generate, and mediate social patterns or regularities. Therefore, structures are themselves "the crystallization of past strategies" (Jessop 1990a: 269). Structures that are stable for a substantive period become more accessible to some political forces or actors than others, that is to say structures are 'strategically selective' (Jessop 1990a: 271; 2001: 285). On the other hand, actors mediate and orient their actions with reference to structures. To the extent that structural configurations and strategic selectivities "co-evolve to produce a relatively invariant order", it becomes possible to label such orders as 'structural coherence' (Jessop 2001: 285). However, for the strategic-relational approach, structural coherences are never fully-realized and permanent. On the contrary, they are always tendential, unstable, provisional, and contestable. There is always room to maneuver within and transcend beyond the structural coherence; subjects are "never fully-equipped to realize their preferred strategies", and also there are always subjects that pursue alternative strategies and contest others' strategies (Jessop 2008: 47). Moreover, strategic-relational approach argues that a structure

is always constituted in relation with other structures. Although this interdependent process of ‘structural coupling’ is vital for characters of structures, each of them develops its own ‘modes of operation’ and ‘modes of calculation’ (Jessop 1990a: 359).

Jessop’s theorization of the capitalist type of state begins with the most important aspect of the state that is its formal or institutional separation from the economic. Therefore, the state and the capital relation in capitalism develops interdependently, notwithstanding each of them operates in terms of its autonomous modes of operation:

“Thus the capitalist type of state does not operate as a functional sub-system of the capitalist mode of production whose primary task is to create, maintain and restore the conditions for capital accumulation... both systems operate according to their own institutional rules, operating procedures, and priorities: the capitalist economy according to the law of value, the capitalist state in terms of prevailing state projects and definitions of ‘illusory community’” (Jessop 1990a: 359).

Therefore, from a strategic-relational perspective, the state is not a simple instrument or objective structure that always reproduces the capital relation. To what extent “the political class domination of capital is secured” always remains to be an open question:

“[S]tate power is capitalist to the extent that it creates, maintains or restores the conditions required for capital accumulation in a given situation. It is non-capitalist to the extent that these conditions are not realized” (Jessop 1990a: 354).

This is to say that the state both as a power center and institutional ensemble can never be fully unitary, complete and immutable. It is always partially open to influences from different social forces, and its institutional unity is always challenged by the changing balance of power in the social struggles (Jessop

1990a: 346). Therefore, for the strategic-relational approach, the state is both a 'site' and a 'generator' of the power (Jessop 1990a: 260). Thereby, its unity should also be realized and mediated in the course of social struggles. Hence, in capitalism, capitalist class or a fraction of it has to develop strategies for continuously "*unifying the bourgeoisie and organizing its political and ideological domination*" (Jessop 1990a: 42). These strategies that seek to reinstate both the unity of a class -or some other social force- and the unity of the state are called 'hegemonic projects'. However, this does not mean that all social forces would have equal opportunity to realize their hegemonic projects. For the state is more open to some type of hegemonic projects than others because of the state's 'strategic selectivity' (Jessop 1990a: 100).

Another concept that the strategic-relational approach introduces to overcome the duality between agency and structure is 'accumulation strategy'. The accumulation strategy means "a specific economic 'growth model' with its various extra-economic preconditions and also outlines a general strategy appropriate to its realization" (Jessop 1990a: 198). Allegedly, this concept incorporates economic – structural and extra-economic – agency into the valorization process of capital in an aim to emphasize the role of power struggles between social forces. 'Accumulation strategy' brings Gramscian notion of 'hegemony' and Marxian notion of 'value-form' together. An accumulation strategy becomes hegemonic when a fraction of capital ensures the unity and cohesion of different fractions under its leadership and consequently begins to define the orientation and interests of 'capital-in-general' (Jessop 1990a: 200). However, for the economy also constitutes a 'strategically selective' realm, unity of the structure and strategy is actualized in the accumulation strategy to the extent that the hegemonic capacity of the strategy depends on its affiliation to the objective conditions of valorization of capital. Nevertheless, in the historical period an accumulation strategy also transforms the objective conditions of valorization of capital. The concept of 'accumulation strategies', which is exclusive to the economic realm, and 'hegemonic projects', which includes both economic and extra-economic dimensions, are crucial for the strategic-relational account of the periodization of the capitalist economy and the state forms (Jessop

1990a: 205). Therefore, they are employed in the analysis of the period of globalization and its relation with the transformations in the form of state.

For the strategic-relational approach, globalization is associated with the dissolution of post-war Keynesian and Fordist accumulation regimes and the emergence of post-Fordist 'models of growth'. In post-Fordist period, new dynamics of valorization and new accumulation strategies have been purportedly engendered. The rise of information and communication technologies and the burgeoning of 'knowledge-based economy' have dramatically transformed the entrenched organization of the labor processes (Jessop 1994). By the same token, the rise of flexible production and employment forms has also challenged the relatively stable employment patterns of Fordist period. Moreover, internationalization and regionalization of production have distorted the entrenched primacy of the national scale for economic regulation. Concomitant to internationalization of finance, money form has been transformed from its nationally regulated character to the international currency for financial markets and transactions. Internationalization of finance has also challenged the strategies of 'industrial development' and substantially deteriorated the growth opportunities in the 'real' economy (Jessop 2002a: 108).

The knowledge-based economy, the internationalization of production and finance, and the post-Fordist accumulation regime collectively challenge the entrenched primacy of the national economy as the object of regulation. Furthermore, the "loss of the national economy's taken-for-grantedness" has also its strategic dimension (Jessop 2002a: 175). That is to say since the 1980s governments have increasingly abandoned the 'national economy' as a primary object of economic development and promoted neoliberal accumulation strategies that are intended to accelerate the accumulation of capital at the international and sub-national scales (Jessop and Sum 2006: 108). In this period, the state's form has been transformed into 'the competition state' in so far as it has increasingly adopted new functions for promoting capital globally that are previously located in its national territory, and also seeking to attract global capital to its territory by offering competitive investment opportunities (Jessop 2002a: 126; 2010: 41).

It is in this context that the concept of ‘globalization’ had come to the fore in the 1990s. Jessop (2008: 178) defines globalization as “a multicentric, multiscalar, multitemporal, multiform, and multicausal process”. Jessop does not suppose a single, simple, uni-linear and finished process of globalization as liberal globalist scholars do to propagandize ‘the end of the nation state’. Therefore, he intends to criticize the zero-sum conception between globalization and the national state (Jessop 2002a: 193). However, he concurs that globalization has serious implications for the changes in the state forms, its institutional organization, its forms of intervention into economy, and its political bases of support (Jessop 2002a: 193). For the strategic-relational approach, globalization is a process in which structural and strategic dimensions are intertwined. Structural moments of globalization include world-wide interdependence of social relations, actions, forces and institutions in social, political, economic, and cultural realms. These objective processes of increasing interdependencies challenge the traditional ‘spatio-temporal fixes’ and operate at various scales and various time horizons without engendering any hierarchical order (Jessop 2008: 179). This new process does not simply ‘reorder’ the existing scales or time horizons, more often than not it creates new spaces, new scales of action, and new time horizons (Jessop 2002a: 179). The process of globalization is fundamentally interwoven with the capital’s quest for increasing profitability and competitiveness to facilitate its valorization. On the other hand, strategic dimensions of globalization consist of social actors increasing abilities to improve “global coordination of activities” in social, political, economic, and cultural realms (Jessop 2008: 179). In the wake of globalization, social actors’ strategies are fundamentally mediated by the dynamics of the global market regardless of these actors’ actual scales of operation are regional, sub-national or local (Jessop 2002a: 96).

Globalization is associated with the dissolution of the entrenched primacy of the national scale in the Atlantic Fordist period. In the process of globalization, Jessop (2002a: 107) attests that “the contradiction between the exchange- and use-value moments in productive capital has become more significant owing to a growing dissociation between abstract flows in space and concrete valorization in place compared to the heyday of Atlantic Fordism”. The rise of knowledge-based

economy and internet technology, and the global financial flows are denoted as the reasons behind the ‘dissociation’ of fix and mobile moments of capital accumulation. The former factor refers to the ‘cyberspace’ economy and tends to completely overflow any place- or physical space-dependence, while the latter refers to the increasing short-term horizon of financial speculation against the interests of productive capital to be fixed for a time period to be valorized (Jessop 2002a: 108). Concomitant to omnipresence of global space of flows in the wake of globalization, “a growing disjunction between a potentially global space of flows and the place-boundedness of a territorially segmented political system” asserts substantial pressure on the national state (Jessop 2002a: 194). This process of “the decline of the national state as an economic as well as political power container” increasingly renders the traditional modes of policy-making and mechanisms of intervention of the national states or of ‘state managers’ impotent (Jessop 2002a: 182,194). Globalization does not only exert pressure on national states as capital overcomes national territories, but also as capital overrides their ‘temporal sovereignty’ (Jessop 2010: 34). That is to say that ‘cyberspace’ economy and financial capital hinders the regulative capacities of states to make prudent decisions to coordinate the economy, since the states need much longer time periods for reacting or intervening in the economy (Jessop 2008: 193).

For the strategic-relational approach, with the globalization process, some of the most fundamental powers of the national state have been ‘hollowed-out’ by the transfer of these powers to other scales (Jessop 1994: 251). In this process, primarily state’s economic function but also some of its political and ideological functions have been allocated not only upwards to the supranational institutions, but also downwards to local or regional governments (Jessop 2002b: 212). The ‘hollowing-out’ of the national state has been facilitated and enjoyed by the corporations as this process increase their ‘exit opportunities’ against the national state, and also by regional or local governments as they ‘bypass the level of the national state’ through transnational or cross-border ties (Jessop 2002a: 115,153).

This process, in which the national scale of regulation has lost its entrenched primacy and there has not emerged a new scale to establish its preponderance over

other scales, is called ‘the relativization of scale’ (Jessop 2002a: 179). The relativization of scale does not exclusively refer to the sharing of activities between global, supranational, national, regional or local scales, but also to the ‘proliferation of scales’ in which political and economic power struggles take place (Jessop 2002a: 180). Strategic dimension of the ‘proliferation of scales’ denotes the process in which the power struggles between social forces take place concurrently at multiple scales (N. Brenner 2009: 126). For Neil Brenner (2001: 591), ‘proliferation of scales’ has been the conscious strategy of global capital, as through neoliberal project it has been attempted to promote global mobility of capital and to subordinate states and classes to imperatives of capital accumulation. Thus, the relativization of scale is affiliated with the “apparent loss of power by national states” that paralyses the national state’s fundamental power even within its own borders to secure the cohesion of the society (Jessop 1994: 264; 2002a: 113).

Although much of the national state’s powers have been devolved to various scales, the national state still retains its significant role in ‘securing the cohesion of the society’, though the realization of this role is severely contested and brittle in the wake of globalization (Jessop 2002a: 211). Within the relativization of scale process, the national state assumes new roles of promoting new scales (regional, local, or cross-national), increasing their competitiveness, and attracting new capital to its territory (Brenner 1999). These roles also indicate that the national state still holds the power to reconstitute the relation between economic and extra-economic (Jessop 2002a: 191). Jessop (2008: 190) refuses that globalization is a homogenous process that affects all states and social formations in the same way. Globalization aggravates the uneven development of capitalism, and consequently different states and societies will be subject to different pressures from global competition of capital accumulation. It is possible that globalization may render some states impotent, but it is more likely that many national states may even acquire new capacities and roles in the capital accumulation (Jessop 2008: 191). In the process of ‘relativization of scale’, the national state assumes the crucial role of coordinating the activities between ‘supranational bodies’ and ‘subnational governments’ as well as between institutions at various scales and ‘private’ actors

or organizations (Jessop 2002a: 51). Hence the new role of the state is defined as multi-scalar ‘meta-governance’ as the national state becomes the coordinator and mediator between the public and private activities on the regulation of the capitalist economy in many scales<sup>13</sup> (Jessop 2002a; 2004). The form of the state that corresponds to its multi-scalar ‘meta-governance’ role in the era of globalization is Schumpeterian Workfare Post-national Regime (SWPR). This new form is Schumpeterian for it promotes the entrepreneurship and competitiveness and focuses on providing profitable investment and financial opportunities to capital. It is Workfarist, since it promotes “labour market flexibility and employability”. It is Post-national for the relativization of scale transcends the primacy of the national territory and national economy as the objectives of regulation. Finally, the new form of the state is more like a Regime compared to the state-centered regulatory activities of the state in Atlantic Fordism, since the new form is related more with the governance mechanisms than direct government (Jessop 2002a: 250-254).

Although Jessop adopts the economic analysis of the regulation approach, he states his reservations on the nation-centrism, structuralism, dualism, and functionalism of the regulation approach. Jessop seeks to transcend these predicaments by emphasizing the social relational character of the state and economy and also emphasizing the intertwined relations between structure and strategy. Moreover, although he embraces the ideal-typical exposition of periods of capitalism, he underscores their tendential, provisional and contradictory character and denotes the role of strategies and hegemonic projects of social forces in the constitution of these periods. However, whether Jessop’s approach succeeds to overcome the shortcomings of the regulation approach should be questioned. First, the Jessop’s warnings for the functionalist tendency in the regulation approach to conceive the state as instrumental for the reproduction and

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<sup>13</sup> Jessop (2002b: 212) differentiates between the traditional role of the national state for government and the new form of the state’s role for governance as some of the political, economic and ideological functions of the state are ‘shared with’ or transferred to the private actors or organizations: “Thus we can observe a tendential shift from imperative coordination by the sovereign state to an emphasis on interdependence, divisions of knowledge, reflexive negotiation and mutual learning” (Jessop 2002a: 236).

stabilization of regime of accumulation are important. However, Jessop does not provide an alternative framework to overcome functionalism; on the contrary his assertion about the capitalist character of the state makes it evident that he derives the form of the state according to its functions (Jessop 1990: 354). His definitions of the forms of state in Fordism and post-Fordism are grounded on the functions that the state supposedly assumes to ensure the reproduction of these modes of development.

Second, Jessop seems to propose the concepts of ‘accumulation strategy’ and ‘hegemonic projects’ to overcome the problem of the regulation approach that the economic realm is conceived as the structure imposed on social relations. Through these concepts, he intends to emphasize the dialectic of structure and strategy. However, in his account structures, as ‘objective processes’, continue to be imposed externally on the social subjects, which are ‘strategic dimensions’ (Bonefeld 1994; Jessop 2008: 179). As in the concept of ‘structurally inscribed strategic selectivity’, the structure exerts an external pressure to social forces and within it actors orient their strategies. Moreover, structures are conceived as self-reproducing autonomous realms, thus the internal relations between structures are neglected (Bonefeld 1994). Therefore, the dualism of the political and economic is presupposed in the strategic-relational approach to the extent that the relation between accumulation strategies and hegemonic projects are underpinned by this dualism.

On the other hand, Jessop’s emphasis on tendential, provisional, unstable, and contestable characters of the structures seems to overcome structuralism. However, these concepts lead to accentuation of pluralism of the social actors in so far as class is not considered as a source of social relation of production which subsumes all other forms of social relations under its form. Thus the concept of class is considered as an interest group, among the plurality of social groups, exerting provisional impact commensurate to its strategic orientation (Bonefeld 1994). As a result, the constitution and consolidation of an accumulation strategy or a hegemonic project becomes completely underdetermined (Bonefeld 1994). Consequently, the strategic-relational approach does not overcome dualism and

structuralism, but it simply oscillates between structure and strategy, and economic and extra-economic. In this dualist approach, the relations of production are considered as the realm of ‘objective processes’ and the political as the realm of social struggles.

Jessop’s conception of globalization as a tendential, provisional, conflictual process constituted at multiple scales and multiple time horizons provides an important contribution to elucidate the contradictory character of this process. However, in his account, globalization is associated with the objective processes of internationalization of production and finance, the rise of ‘cyberspace’, the knowledge-based economy, and the flexible production (Jessop 2008). Although, referring such developments certainly provides an important descriptive analysis of the process of globalization, these changes are not conceived as the outcomes of expansionary and contradictory character of capitalist relations of production. In the process of globalization, allegedly, the enhanced contradiction between mobility and the fixity of capital exerts pressure on the traditional forms of the national state (Jessop 2002a: 107). Concomitantly, the national state is ‘hollowed-out’ and its powers are devolved to various scales, i.e. the relativization of scale. The relativization of scale provides that none of the scales establishes its primacy over others. However, there are still significant roles for the national state concerning its supervisory and mediator role between different scales. Therefore, it should also be noted that the new roles and forms of the national state are not overlooked in the Jessop’s analysis.

Despite it can be stated that Jessop overcomes the nation-centrist conceptualizations, his ideal-typical exposition of SWPR tends to overlook the continuity of capitalist relations of production to the extent that its globalization is presented as a new phenomenon. For, the globalization of capitalist relations of production is not emerged with post-Fordism, but is historically inherent in the contradictory character of capital accumulation. Moreover, to the extent that globalization and the national state are considered as independent self-reproducing realms, their internal relations, as the expressions of the contradictory unity of capital accumulation at the global scale, are neglected. Jessop (2002a: 107)

acknowledges the exacerbation of one of the fundamental contradictions of global capital that is the contradiction between the mobile and fix moments of capital accumulation. Nevertheless, Jessop's methodological quest for the institutional forms that allegedly ensure the regularity, stability, uniformity, and conformity of the social relations leads him to conclude that exacerbated contradictions of accumulation at multiple scales can be regulated or contained through the interventions of governance mechanisms at multiple scales (Jessop 2002a; 2004). Such an endeavor stems from the re-application of the regulation approach's functionalism of the state to the multi-scalar 'governance' mechanisms in the process of globalization.

### **3.4. Conclusion**

The regulation approach seeks to transcend the notion of 'objective laws' of economy and underscore 'the social embeddedness' of economic phenomena (Aglietta 1979: 22). By this conceptualization, the approach intends to overcome the economic determinism. Therefore, it is argued that social relations of each period transform the former patterns of economic activity and construct new objective patterns for the period. The linchpin of the regulation approach is the analysis of the relatively stable periods without major crises in capital accumulation which is ensured by the constitution of the coherence between the balanced accumulation and the regulation of institutional norms and conditions. The concepts of regimes of accumulation and modes of regulation correspond to economic and extra-economic conditions of stable periods in which the cohesion between dynamics of the economy and the society is secured (Aglietta 1998: 67; Dunford 2000: 25; Lipietz 2003: 241). The state, as an institutional form, is the indispensable part of the modes of regulation. It is in and through the state that stability of a regime of accumulation can be secured. For, the state is the set of 'institutionalized compromises' that the interests of conflicting social classes can be conciliated. The constitution of a regime of accumulation is the outcome of the interplay between structural conditions or and strategic confrontations between social forces to define the orientation of a regime of accumulation.

The regulation approach's analysis of globalization is predicated on the crisis of Fordism, and emerging patterns of capital accumulation and forms of institutional organization to regulate these patterns in the process of recovery from the crisis. For the approach, Fordism was based on the proportionality between mass production and mass consumption in the relatively closed national economies. Fordism's success was predicated on the institutionalized compromise between capital and wage-earners through 'collective bargaining mechanisms', and the role of national money as the 'source of demand'. The state institutionalized the compromise between social classes through the demand-side policies on the national money, and the providing 'collective consumption' provisions to wage-earners and capital. However, as mass production technologies reached their limits leading to further increases in the real wages relative to productivity gains, and as the internationalization of production and credit undermined the 'source of demand' function of national money, Fordism had undergone a crucial crisis in the 1970s.

The emergence of post-Fordism is based on the rise of the 'knowledge-based economy', flexible organizations of labor processes, and internationalization of production and finance. For the approach, post-Fordist period witnesses the 'dissolution of national economies' both structurally towards supra- and sub-national scales and strategically as the objective of economic regulation. Structural dimension comprises the internationalization of production and finance, as a result of which the circuit of total capital accumulation is no more confined to the national scale. Strategic dimension includes that the entrenched primacy of national economy as a meaningful object of regulation for the state is challenged. However, the regulation approach retains the view that the regime of accumulation and the mode of regulation can only be secured at the national scale (Aglietta 1998: 77). To the extent that for the regulation approach capitalism is considered with respect to the 'objective' processes or 'invariable elements' of capital accumulation regulated and stabilized with or without external interventions, the national scale, for the approach, continues to be only logical scale for the elaboration and conceptualization of the capitalist relations of production.

Bob Jessop's contribution to the globalization analysis of the regulation approach includes his rejection of nation-centric conceptions, detailed elaboration on the consequences of the 'dissolution of the national economy', and his elucidation of the contested, provisional and contradictory character of the process of globalization. Jessop (2002a: 179) defines this period as 'the relativization of scale' in which the political and economic conditions are realized not primarily at the national scale but simultaneously in and across local, regional, subnational, supranational, and global scales. The relativization of scale in the period of globalization transforms the accumulation strategies and hegemonic projects of social forces, mainly of capital fractions. Because for Jessop (1990: 264) the capitalist type of state is not confined a priori to its 'national' form, the relativization of scale leads to devolution of mainly economic, but also some political and ideological powers of the national state to state or quasi-state structures at other scales. However, the national state seems to adopt new powers that are attributed mainly to promoting competitiveness of its national territory, and promoting previously 'national' capital's expansion to international arena. The national state purportedly adopts the fundamental role of providing the coordination of activities between various scales and between local or supranational public or private authorities; that is to say new function of the state becomes multi-scalar 'meta-governance' (Jessop 2002a; 2004). Finally, multi-scalar 'meta-governance' structures perform relatively better in the need for regulating the contradiction between the capital's requirement of mobility and "the state's interests in fixing (allegedly beneficial) capital in its own territory" (Jessop 2010: 41).

In this chapter, the regulation approach is mainly criticized for that in so far as the approach searches for regularity, consistency, conformity and stability in the capital accumulation process and concentrates on institutional patterns rather than underlying social relations (cf. Gerstenberger 2011: 70), the approach ignores the social relational character of capitalist relations of production, and consequently overlooks the unity, contradictions, inconsistencies and conflicts of the capital relation. As a natural extension of searching for regularities and neglecting internal relations between social phenomena, the approach invigorates a

structuralist, functionalist, and dualist political economy framework. For the regulation approach, structures are external limits imposed on social subjects, and are self-reproducing autonomous systems. Therefore, the political and economic, and the state and capital are conceived as externally related autonomous phenomena. The consequence of dualism and of the neglect of social relational content is functionalism between the requirements of a capital accumulation and the roles and forms of the national state. Thus, for the regulation approach, the state is functional in the consolidation of accumulation regimes and modes of regulation.

The regulation approach's analysis of globalization is caught up in the predicament of nation-centric conceptualization. The analyses of regimes of accumulation and modes of regulation are confined to the national scale (Aglietta 1998: 67; Dunford 2000: 25; Lipietz 2003: 241; cf. Bryan 1995a: 56). Thus, in the exposition of the regulation, the processes at global scale and the national scale are conceived as external to each other so as to consider the political and economic processes by positing a distinction between dynamics that are internal and external to the national scale. As a result, the approach develops an a-historical conceptualization of the capitalist relations of production, since capitalist relations of production has never been an exclusively national phenomenon. Such a conceptualization leads the approach to overlook the unity and contradictions of global capital accumulation as a social relation, and concomitantly neglect the contradictions of the state, as a form of in the unity of capitalist relations of production.

Despite Jessop's significant contributions to the analyses of globalization, his resumption of the categories of the regulation approach confines his exposition to predicaments of dualism and functionalism. Initially, although Jessop's emphases on the contingent, contradictory and crisis-ridden patterns of globalization of capital provide an illuminating account of the process, his ideal-typical differentiation between the globalization period and purportedly national character of previous periods hampers an appropriate historical exposition of continuity of globalization and of capitalist relations of production. For, the previous periods

are considered in terms of the securing of the cohesion between the accumulation and regulation of capital at the national scale in which the stabilization of contradictory nature of capital relation are ensured. Furthermore, the relation between structure and strategy is considered in dualism as the interplay between objective processes and strategic activities (Jessop 2001: 285; 2008: 179). The upshot of this conceptualization becomes the oscillating conception between structural necessity and strategic contingency of hegemonic struggles in the explication of emergence of new modes of development and periods. Although Jessop ascertains contradictions of globalization process, the contradictions, in his account, are not considered as the processes which engender and define the content of globalization of capitalist relations. Instead, they are conceived as malfunctions, or distortions of an economic system to be contained and regulated by the externally related institutional forms, primarily by the state or governance mechanisms. By the same token, Jessop anticipates that the ‘proliferation of scales’ of capital accumulation is to be accompanied by developing multi-scalar meta-governance mechanisms. Therefore, independent from the scale of analysis – be it national or sub- and supra-national – the regulation of capital accumulation is considered as external and functional to the requirements of capital accumulation.

## CHAPTER 4

### AN ALTERNATIVE APPROACH TO GLOBALIZATION: THE INTERNATIONALIZATION OF CAPITAL

#### 4.1. Introduction

It was contended in the preceding chapters that a critical conceptualization of globalization should overcome the dichotomies of political and economic, state and capital, global and national scales. It was denoted that the predicaments of functionalist and pluralist conceptualizations do not provide a relational approach for transgressing these dualisms. In this vein, it was argued that despite their contributions to the analyses of globalization, many of the critical scholars fall into the predicament of oscillating between structural conception of relations of production, functionalist view of the political and the state, and pluralist notion of class relations. On the one side stand the structural and functional conceptions which conceive the political and economic as autonomous phenomena and posit a functional role to the state in the regulation of economy from above or outside of the relations of production. On the other side stand the pluralist and voluntarist conceptions that isolate the political from economic and apprehend the political as the realm of power struggles and contingency and the economic as the realm of objective laws and technical necessity. In the analyses of globalization, these positions either envisage the weakening of the state or overlook the burgeoning importance of global processes. Therefore, the need for a critical framework for conceptualizing the interrelationship between global capital accumulation and the international system of national states remains to be suggested in order to elucidate contemporary transformations in the capitalist relations of production.

It will be argued in this chapter that in order to overcome the dualisms that reifies the state and capital as separate ‘things’, a critical analysis should concentrate on

the historical co-constitution and co-evolution of the political and economic as the moments of the same relation, that is the capitalist relations of production (Bonefeld 1992: 100; cf. Poulantzas 2000). That is to say the analysis should focus on the class struggle between capital and labor in order to elucidate the internal relations between the political and economic. In so far as the contradictory character of the class relation in capitalism is acknowledged, the analysis should ascertain the contradictions in and between the political and economic in order to elaborate on the transformations in the social relations. The contribution of ‘internal relations’ methodology can provide a fruitful conceptual framework in order to overcome the dualism in the analysis of globalization and enable an analysis of unitary and contradictory character of social relations (Ollman 1993: 37). This philosophy argues that the individual objects of a whole only exist in and through their relations with all the other objects of the totality (Ollman 1993: 53; 2003: 139). That is to say it is the multiplicity of relations, which an object of inquiry enters with other parts of the totality, constitute and define that object. Moreover, it is in and through these internal relations that the dynamics of the totality of the objects, i.e. the ‘whole’, can be elucidated (Ollman 1993: 32).

In the next section, the later works of Nicos Poulantzas and the Open Marxism school<sup>14</sup> will be reviewed in terms of their relational approach to the political and economic as forms of capitalist relations of production. Keeping in mind the salient nuances between these approaches, it will be argued that both of them provide set of concepts that adequately avoid dualism of the political and economic. In the third section, the conceptualizations which avoid the dualisms in the context of globalization will be exposed to critical scrutiny. Last section will

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<sup>14</sup> Open Marxism school emerged from the debates in Conference of Socialist Economists in the UK in the 1980s. The drive behind founding this approach was opening up the categories found in Marx and closed for a long time by many of ‘Marxist’ scholars (Bonefeld, Gunn, Psychopedis 1992). The ‘openness’ of the categories meant that elucidating the dialectic ‘contradictory unity’ of structure and struggle, subject and object, or form and content. Open Marxism emphasizes the contradictory but unitary existence of social phenomena ‘*in and through* all other objects’. Therefore, these dualisms can only be overcome by exposing these categories to dialectic abstraction so that they can be theorized as ‘forms of existence’ of a single ‘totality’ (Bonefeld et al. 1992; Roberts 2002: 99).

summarize and conclude the implications of a relational approach to globalization.

#### **4.2. Theoretical Foundations of a Relational Approach**

Structural-functionalist and pluralist approaches tend to confine the relations of production to the immediate production process and treat them as objective or structural ‘laws’ of the economy. However, the relations of production should be seen as sole source of material activity creating means of subsistence, wealth, and power; and encompassing all other forms of social activity of human beings. In the case of capitalism, it is the relations of exploitation and domination between capital and labor that constitute the capitalist relations of production and subsume whole range of social activities of human beings under the compulsion of maintaining the extended reproduction of capital (Holloway 1995). In this sense, ‘laws’ of economy are not ‘structures’ or technical matters that impact social relations from outside, but are specific forms assumed by the class relation between capital and labor (Poulantzas 1975: 49). In the capitalist mode of production, the class struggle between capital and labor constitute the ‘totality’ of social phenomena, however this totality always takes contradictory forms because of antagonistic nature of class struggle (Clarke 1991: 84; Holloway 1991: 207). In the light of the argument of totality of class struggle, structuralist, functionalist and pluralist juxtapositions of the economic as the sphere of objective laws and the political as the sphere of agency and power struggles can be overcome. In this vein, for a relational approach, the political, economic and ideological categories are historical forms that class relation in capitalism takes (Holloway and Picciotto 1978: 14; Poulantzas 1975: 27). Therefore, the capital accumulation and the endeavors to regulate this accumulation are always intertwined as the forms of the same relation, i.e. class struggle. Accordingly, an analysis of the relation between the political and economic should elaborate on revealing the reasons behind their apparently separate existence despite their inherent unity in the class relation in capitalism. Such an analysis necessitates a form analysis in order to shed light on those class struggle dynamics which give rise to the political and economic as alienated forms of existence of the same relation (Bonfeld 1992: 114).

A relational approach's genuine contribution to form analysis stems from its differentiation between the conceptualization of the form as 'species' and as 'mode of existence' (Bonefeld et al. 1992: xv). Whereas the former perspective bestows an object autonomous self-constituting existence, the latter conceives the 'form' as the mode of existence of an object, which comes into being '*in and through*' relations with all other objects of the totality (Bonefeld et al. 1992: xv; cf. Poulantzas 2000: 17). In the same manner, by employing the concept of 'form of presence', Poulantzas (2000: 17) criticizes the structuralist conceptualization of the political and economic which posits them an external interaction and an independent existence 'before they come into relation with one another'<sup>15</sup>.

However, the question of why the totality of relations of production, i.e. class relations, takes forms that are apparently separate remains to be clarified. In order to elaborate on this question, it should be noted that the fundamental characteristic of the relations of production is not its separation into individual units, but its 'unity' or 'totality' (Clarke 1991: 34). It is only through the conceptualization of the totality of the class struggle, the separation between its forms can be elucidated. For a relational approach, the apparent separation between the political and economic, and the state and capital is the historical premise and result of the capitalist relations of production throughout the history of the generalization of the commodity production and exchange. Therefore, the separation is an 'alienated' or 'fetishised' form of appearance of the same relation, i.e. class struggle (Holloway and Picciotto 1991; Bonefeld 1992: 100; cf. Demirovic 2011: 39). The separation is not inherent, objective or given in capitalism, but it is historical and subject to class struggle, that is to say the form of separation is always transformed and redefined in the course of class struggle in the historical conjunctures (Clarke 1991: 30; Poulantzas 1975: 101). Thus, capital aims 'extended reproduction' of capitalist mode of production by imposing formal

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<sup>15</sup> Poulantzas's criticism of the structural perspectives also applies to Jessop's (1990a: 359) conceptualization of the political and economic as self-reproducing spheres with their own particular mechanisms, 'laws', and dynamics. Poulantzas (2000: 17) states that "[t]hey are *from the very beginning* constituted by their mutual relation and articulation – a process that is affected in each mode of production through the determining role of relations of production".

separation of the political from economic which serves to confine labor's resistance in the limits of subordination of labor to capital relation (Poulantzas 1975: 27). Therefore, in order to transgress the dualist conceptualization of the separation, the political and economic should be considered as the 'moments' of a single class relation so that their formal separation can only be conceived as 'unity-in-separation' (Holloway and Picciotto: 1978: 3; cf. Poulantzas 2000: 167). The forms of existence of the political and economic within the unity of class relation are endowed with contradictions, for the relations of production are always contradictory. They represent a 'contradictory unity' in which their forms of existence are constituted *in and through* their contradictory relations with each other (Bonefeld 1992: 98). Therefore, a relational approach to the political and economic forms necessitates elucidating the contradictions and the impacts of the contradictions in the transformations of these forms.

The capitalist state is neither an object of capitalist class that is employed in their interests nor a subject autonomous from the society with its own set of interests (Poulantzas 2000: 129). The capitalist state is a specific form assumed by the class struggle in capitalist relations of production (Bonefeld 1992: 113). However, the state appears to comprise an independent institutional materiality outside of the capitalist society, i.e. apparently autonomous from class struggles. The apparent separation of the state in capitalism stems from the separation of 'direct coercive means' from the process of appropriation of the product of labor by capital (Wood 2002: 18). Indeed, it is through this separate appearance of the state that unity of the political and economic is expressed in the capitalist relations of production (Poulantzas 2000: 19; cf. Holloway and Picciotto 1978: 2). Nevertheless, this separate appearance of the state is never an automatic outcome that is given in the capitalist relations of production; on the contrary it is the result of the historical class struggles between capital and labor. Thus, the separation of the state is always subject to class struggles, its separate existence seeks to ensure the extended reproduction of capital relation, yet contradictions of capital accumulation cause continuous reformulation of the separation (Clarke 1991: 30). Historically, the separate appearance of the state in capitalism enables it to pursue the interests of capital-in-general, notwithstanding these interests are, the most of

the time, contradict with the immediate interests of individual interests (Clarke 1988a: 123-4). The pursuit of the general capitalist interests by the state tends to mediate the contradictions between the interests of capital in protecting the private property and the interests of labor to abolish the system of private property, for labor is dispossessed from the means of production and subsistence (Poulantzas 1968: 127; Bonefeld 1992: 116)<sup>16</sup>.

For the state is the form of the class relation, it reproduces the contradictory character of the class relation within itself. Thus, the state's role in the relations of production is always contradictory, partial and limited. The state does not react against the economy from a distance so as to rationally evaluate the problem and intervene it. On the contrary, the state and the economy are the forms of the relations of production so that the state does not help but reproduce the contradictions of the relations of production (Poulantzas 1975: 156; 2000: 161; Clarke 1991: 45). Through this contradictory existence in the relations of production, the state aims to present itself as a 'neutral entity' and by doing this seeks to ensure "the formal freedom and formal equality of property rights" (Bonefeld 1992: 116). In the process of guaranteeing these formal rights, the state serves to conceal the relations of exploitation and domination of the capitalist mode of production. However, in order to ensure the reproduction of capital relation, the state is expected to mediate counter-tendencies to tendency for the rate of profit to fall (Poulantzas 2000: 173-4). Competition between capitalists leads individual capitals to an incessant quest for acquiring higher shares of surplus value which can only be obtained through the more intensive exploitation of labor force. This mechanism, in turn, creates a tendency to overaccumulation of capital which endows the capital accumulation process with crisis-ridden dynamics. In this process, the state, as a form of the relations of production, is also exposed to crisis tendencies. Therefore, in order to ensure the reproduction of

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<sup>16</sup> However, Poulantzas was criticized by Clarke (1991: 42) for deriving from this contradiction that the state should necessarily function so as to ensure the cohesion of a social formation. Yet Poulantzas (2000: 173-4) seems to have abandoned the notion of structural reproduction of the capitalist relations of production by the state and emphasized that the contradictions of class struggle renders the state's ability to reproduction always contradictory, limited, tendential, and contingent.

capital, the state seeks to mediate the tendency to overaccumulation (Clarke 1988a: 106, 143). However, such interventions hamper the state's appearance as a neutral entity above class interests. Therefore, it should be noted that the separation of the state is both an opportunity and a limitation to the reproduction of the capital relation. This contradiction underscores the state's concurrent needs to intervene into capital relation and to resume its 'neutral' appearance (Holloway and Picciotto 1991: 101). Hence, the very form of existence of the state in the capitalist relations of production – that is its formal separation – limits its operations on the capital relation and endows it with contradictions.

The capitalist state's contradicting needs to maintain its 'neutral' appearance and to guarantee the accumulation of capital are never mediated technically or rationally by the state echelons, but the state in an effort to realize these roles reproduces the contradictions of the class struggle within its own institutional materiality (cf. Poulantzas 2000: 132). To the extent that the political and economic are comprehended as the forms assumed by the capital relation, transformations of these forms can be related to the historical 'movement of contradictions' of the capital relation (Bonefeld et al. 1992: xiv). By the same token, the changing conjunctures of the class relations and concomitantly emerging contradictions transform the state by exposing it to new tensions, contradictions, and limitations (Poulantzas 1975: 27; 2000: 167-8). The state's role in the process of capital valorization and accumulation paves the way for the class struggles over the state policies and the forms of the state (Holloway and Picciotto 1991: 112-3). In the process of mediation of emerging contradictions of capital accumulation, classes and class fractions seek to impose their interests on the state. Therefore, the state apparatus can never assume a 'monolithic' character; on the contrary class struggles over the form of the state divide the state apparatus from top to bottom (Clarke 1991: 39; Poulantzas 2000; Tsolakis 2010: 402). Capital can never impose its interests on the state as a unified bloc so as to ensure the state's existence as a monolithic bloc. For the capitalist class is in itself full of

conflicts and contradictions due to competition in the process of capital accumulation (Holloway and Picciotto 1991: 122)<sup>17</sup>.

Emerging contradictions of competition between individual capitals and antagonism between capital and labor transform both the state's internal organization and the forms of state intervention in the capital accumulation. First, in the process of movement of contradictions, the state's internal hierarchy between its branches becomes subject to change, e.g. the executive may suppress legislative branch or ministries that are involved in facilitating the capital accumulation may assume superiority over ministries of social policies (Poulantzas 2000; Tsoukalas 1999). Second, emerging contradictions may transform the state's activity in the capital accumulation such as to alter its forms of involvement through 'law and money', e.g. the monetary policy may be transformed from demand-management to inflation-targeting (Clarke 1988a). Thus, to the extent that the state reproduces the contradictions of capital accumulation in a political form, the state assumes the role of both the 'site' of the struggles between classes and class fractions and the 'mediator' of these struggles as it seeks to subordinate labor to capital relation (Poulantzas 2000: xiii; Panitch 1994). Hence, the state is not constituted in a distance from the class relations, but because of its mode of existence in the capital relations, the state 'internalizes' the class relations within its institutional materiality (Poulantzas 1975: 46). As a result, the class character, the transformations and the contradictions of the state can only be conceived by analyzing the state as a social relation, more succinctly as a form of class relation. Consequently, the dualism between the political and economic, and the state and capital can only be overcome through the emphasis on relational character of these categories in the unity of capitalist relations of production.

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<sup>17</sup> Hence, both Open Marxism and Poulantzas underscore that the capitalist character of the state does not stem from its direct execution of capitals interests, but from its 'form' as the mode of existence of the political in the capitalist relations of production (Clarke 1991: 167-194; 1988a: 125; Poulantzas 2000: 126). Moreover, capital-in-general does not exist in reality, its existence are realized only through individual capitals. Therefore, the state cannot pursue the interests of capital-in-general as if these interests are *ex ante* given. Instead, it is only through struggles between classes and class fractions that the state can assume the interests of capital-in-general (cf. Clarke 1978: 53).

### 4.3. A Relational Approach to Globalization and the State

The merits of a relational approach consist of conceiving the state and capital as social relations, and emphasizing the contradictory unity of the political and economic in the capitalist relations of production. Thereby, a relational approach provides a fertile conceptual framework to overcome the prevalence of dualist conception between global capitalist economy and the national form of the state in the globalization debate. In this vein, a relational approach can propose a comprehension to transgress the common arguments that globalization refers to the imposition of ‘structural power’ of capital over the national states and to the ‘escape’ of capital from the whims of the national states (Holloway 1995: 142; Bonefeld 2000: 39). Moreover, a relational approach can provide an analytical framework to criticize and transcend the arguments that treat the globalization of capital as a process external to the national states and suppose an increase in the determinant role of external processes relative to internal ones with the globalization. As Holloway (1994: 36) argues:

“The distinction between inside/outside, internal/external, endogenous/exogenous reproduces the apparent autonomy of national states, and so reinforces the murderous rigidification of social relations which national boundaries represent, but is not adequate as an explanation of state development.”

On the contrary to dualist perspectives, a relational approach is able to comprehend external and internal processes in the totality of capitalist relations of production, as external is present in the internal and vice versa. In this manner, the view that refers to the determining power of independently constituted domestic processes in the analyses of histories of development of national states and national economies as if external processes are ‘appended *a posteriori*’ to domestic conditions is to be rejected for a relational approach (von Braunmühl 1978: 161).

In the following sections, through an analysis of relational literature on globalization, a framework to analyze globalization will be proposed that enables

the elucidation of the contradictory unity of global capitalist relations of production, the place of the national state in this unity, and also of the historical reasons for differentiation and fragmentation of this unity. Such a perspective requires an elaboration on the contradictions in and between global capital accumulation and the national form of the state in the constitution of global capitalism. Recent contributions of Open Marxism School and the group of scholars who adopts an internationalization of capital perspective<sup>18</sup> in the analysis of globalization will be critically investigated in the succeeding sections.

#### **4.3.1. Open Marxism's contributions to the Globalization Debate**

The Open Marxism approach aims to investigate the historical constitution of political and economic forms of capitalist relations of production. Therefore, the condensation of the political form as the national state is elaborated in the context of historical development of relations of production, i.e. class struggles. They emphasize the 'totality' or 'unity' of the relations of production, the unity of which historically assumes a 'global' character (Holloway 1994: 30). Hence, for the approach, the capitalist relations of production from its very inception constitute a 'global' phenomenon. Historically, from the 16<sup>th</sup> century through 17<sup>th</sup> and 18<sup>th</sup>, the constitution of a 'world market' is considered as a precondition for the emergence of the generalization of commodity production and exchange. In relation with this, the dispossession of peasants from their means of production and subsistence paved the way for the inception of generalization of capitalist relations of production, i.e. the relation between owner of the means of production and the propertyless labourer. Thus, Bonefeld (2000) and von Braunmühl (1978: 164) argue that the constitution of the world market should be conceived 'analytically and historically' prior to the fragmentation of the market into national territories. Moreover, following the constitution of capitalist relations of production, world market, which was once the precondition for these relations,

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<sup>18</sup> The mentioned scholars who embrace the phrase 'the internationalization of capital' instead of 'globalization' include: Dick Bryan, Leo Panitch, Greg Albo, and David Harvey. They follow the earlier debates on the internationalization of capital in the 1970s, especially the arguments of Christian Palloix and Nicos Poulantzas, to employ the concept (see Hugo Radice ed. (1975) for an earlier collection of the essays on the debate of the internationalization of capital).

becomes an outcome and plain of existence of these relations. However, a critical apprehension to the 'world market' argument of Open Marxism is due for the reason that despite the world market can be a precondition and outcome of the global capitalist relations of production; it cannot be equated with the 'global' character of the capital relation. That is to say that the capitalist relations of production cannot be defined solely in terms of exchange relations, the process of production, which is the source of surplus value, confrontation of the capital and labor and of the exploitation, should be primarily taken into consideration. Therefore, the relations of exploitation and domination may be inherently global, but their historical development towards their inherent global content should not be considered as given once for all, but as a process or as a movement (cf. Wood 2002; 2005: 127).

Along with the 'world market' concept, Clarke's (1988a) contribution provides an important historical explanation for the constitution of 'global' character of capitalist relations of production. The process of capital accumulation is loaded with crisis tendencies which stem from the contradiction between the need for capital to incessantly develop the forces of production and the need for confining these forces in the given relations of production. Thus, the competition between capitals leads to a constant tendency to overaccumulation, as the competition incessantly increases the relative surplus value extraction, which is the main reason behind the crises of capitalism. In order to compensate the crisis tendencies, capital continuously expands into new regions of the world, develops new forces of production there, and constitutes the capitalist relations of production in a global scale (Clarke 1988a: 106). The constant expansion of the capital accumulation underscores the 'uneven' nature of capitalist development as capital moves continuously towards new geographies. Therefore, 'global' character of capital accumulation is not given once for all, rather it is always reproduced and re-constituted as one form of globalization is destabilized through a crisis and a new one is introduced as a response to that crisis (Clarke 1989: 8).

According to Open Marxism, capital, as a social relation, does not have any belonging to a nation, geography, or people (Holloway 1995: 137-8). It is the

abstract alienated social labor that defines capital in its relation with labor. Therefore, the capitalist relations of production are inherently 'global'. Consequently, the capitalist society, the class relations between capital and labor, are 'global' in character (Burnham 2002: 123). Therefore, the capitalist society is a 'global society' which cannot be conceived as 'the sum' of national societies, states, and economies, but composes a 'unity' (Holloway and Picciotto 1978: 28-9; von Braunmühl 1978: 162). Open Marxism's assertion of global character of capitalist society also implies the global nature of political forms of social relations which needs further investigation.

Open Marxism allegedly overcomes the internal – external dualism by situating “the national economy within the framework of the global accumulation and the nation state within the framework of the international state system” (Clarke 1988b: 29). To the extent that the historical constitution of the global capitalist relations of production engenders the global capitalist society, the political form of relations of production is also conceived as global from its inception. The political form of relations of production historically assumed the form of 'the international state system'. However, by this concept, Open Marxism does not imply any form of concrete institutional appearance of a supra- or trans- national state. Instead, the international state system from its very constitution comprises of the fragmented unity or separation-in-unity of the many national states. Therefore, the uneven nature of relations of production appears in the political form as the uneven relations between many national states which provide the hints of their historical peculiarities (Burnham 2002: 103). Consequently, it is underscored that the formation of the national states, the constitution of international state system and world market historically coincide (Bonefeld 2000: 41). Hence, their contradictory unity should be comprehended as such the international state system and world market only exist through the fragmentation into national jurisdictions (Bonefeld 2000: 42). Open Marxism does not induce from the autonomous histories of the national states to the international system of states, rather it is in the context of unity of national states in the international system that “the discussion of particular national states and their distinctive historical development” is to be followed out (Burnham 1995: 94). Hence, the

development of the national form of the state is not overlooked, on the contrary it is seen as ‘historically and conceptually’ a premise and an integral part of the capitalist relations of production (von Braunmühl 1978: 173). In this context, in so far as the national state is the political form of the global capital accumulation, as Clarke (1989: 6) argues:

“[T]he formation of a truly international, transnational or world state would mark not a rational adaptation of the capitalist state to the global character of capital accumulation, but a fundamental transformation of the capitalist state form, which could only be based on an inversion of the relationship between capital and the state, between politics and economics, an inversion which would hardly be consistent with the continued existence of the capitalist mode of production”.

Open Marxism comprehends the unity of global accumulation and the national state as a contradictory unity, that is to say they simultaneously exist in and through each other and in contradiction with each other. This contradiction exists between the global character of capital accumulation and the national form of state (Burnham 2002: 122; Holloway 1994: 31). Just as the unity between global capitalist relations of production and the national state is considered as historically inherent in capitalism, so too is their contradiction. Purportedly, the capitalist relations of production, the confrontation of capitalist and free worker by a contract, carry no personal, national or geographical ties; it is historically and conceptually global (Holloway 1994: 34). Thus, to the extent that the global character of capital accumulation enables it to free itself from any ties, the national state cannot be conceived as if it can successfully regulate the capital accumulation (Bonefeld 2000: 33). The national state is ‘subordinated’ to the global capitalist relations of production, which establish its domination over the national state through the ‘world money’ and ‘average world rate of profit’ (Clarke 1989: 5; Bonefeld 2000: 38). Therefore, the regulatory capacities of national states are confined within the contradictions of global capital accumulation, which are eventually transformed into crises. Crises of the capital

accumulation, although they are global in form, are expressed in different national states in the form of national political and economic crises. Global crises manifest in the national scale in various forms, such as balance of payment deficits, debt crises, fiscal crises, inflationary pressures on national currency and exchange rates, and political instabilities and incapacities (Bonefeld 2000: 38; Burnham 1995: 94). It can be concluded that the contradiction between global capital accumulation and the national form of the state is fundamentally dependent on crises of the global capital accumulation. The contradiction is mediated in the periods of stable accumulation, yet it unfolds in the periods of crises (Clarke 1989: 1).

According to Open Marxism, the contradiction between the global capital accumulation and the national state stems from the contradiction between “the mobility of capital and the immobility of the state” (Holloway 1994: 33). For the former, the capital with its most abstract determination in the money form is conceptualized as essentially ‘mobile’ by Open Marxism (Holloway 1994: 30; Bonefeld 2000: 60). On the contrary, the state is defined exclusively with its formal ‘territorial’ sovereignty (Picciotto 1991: 194). The international state system exists “on the basis of the principle of territoriality of jurisdiction” (Burnham 1995: 103), and consequently the global capital accumulation exists in and through the territorially fragmented national units. However, the national state cannot control or regulate the global conditions of capital accumulation. The contradiction between mobility of capital and fixity of the state takes the concrete form as “[t]he concern of the state is not with the global accumulation of capital, but with securing the accumulation of domestic productive capital at a pace sufficient to absorb the surplus population, provide stable or rising wages, and growing public revenues” (Clarke 1988a: 143). However these concerns of the national states cannot do anything but further exacerbate the tendency of overaccumulated capital and the crisis. Hence, the contradiction emerges that on the one hand the national state’s role is dependent on the continuation of profitable conditions for global capital accumulation; on the other hand the national state itself deteriorates the conditions of profitability of global capital accumulation.

The ability of the national state to intervene in the process of capital accumulation, due to its contradictory unity with the global accumulation of capital, is limited in two ways. First, the global mobility of capital relation confines the national state's capacity to regulate the capital accumulation within its borders. The state's continuous interventions to immobilize the capital in its borders can only aggravate the crisis-ridden nature of global capital accumulation (Clarke 1991: 174). Second, the subordination of the national state to the global capitalist relations of production also limits the state's capacity to intervene. This limitation manifests itself in the state's "subordination to world money" and obligation to resume "the average world market rate of profit" within its territory (Burnham 1995: 103; Bonefeld 2000: 38).

Open Marxism argues that the national state is confined with its role in the maintaining of the profitable conditions for capital within its jurisdictions. Therefore, it is futile to expect that the state can regulate global capitalist relations of production so as to prevent or postpone crises of capital accumulation. However, there are opportunities for the state to position its territory as a 'haven' for profitable investments and consequently the national state can attract a higher amount of surplus value to its territory from the global total surplus value<sup>19</sup>. These opportunities stem from the uneven development and overaccumulation of global capital that inaugurate constant flows of capital to new geographies (Clarke 1988a: 106). Consequently, Open Marxism alleges that the national states are 'nodes' or 'moments' in the global capital accumulation (Burnham 2002: 122; Holloway 1994: 35). Hence, for the approach, the role of the national state is reduced to 'transitory moments' in the incessant mobility of capital (Holloway 1994: 34). These 'transitory moments' assume the role of providing capital mobility which is capital's fundamental condition for valorization and accumulation. The plurality of the national states, thus, serves to enhance "the

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<sup>19</sup> Holloway's analogy of water reservoirs for the competition between national states is an example of this argument in Open Marxism: "The relation can perhaps be imagined in terms of a series of reservoirs seeking competitively to attract and retain the maximum amount of water from a powerful and largely uncontrollable river. As the metaphor suggests, national states do not control the overall pressure, speed and volume of the flow of water" (Holloway 1994: 38).

global circulation of commodities and capital” (Burnham 1995: 103). As a result, within the contradictory unity of the global accumulation and the national state, the subordination of the national state to global accumulation underscores the contradiction of the national state. That is to say that whereas the national state seeks to immobilize capital within its territory, it is confined to the role of promoting the circulation of capital globally.

In order to attract and fix capital within and to provide mobility beyond its borders, the national state conducts various operations, which are directly or indirectly related to stabilizing the vicissitudes of the class struggles within the confines of the capital relation. First, the national state seeks to ‘depoliticise’ its activities by presenting them as technical operations in order to isolate them from the class struggles (Burnham 2002: 124). By doing so, the national state aims to remove “political and administrative barriers to the mobility of capital” (Clarke 1989: 8). Second, the national state pursue a set of economic and social policies, which include wide range of operations from infrastructure expenditures, health, education, and legal policies to the regulation and oppression of labor power, in order to attract and retain higher amounts of capital within its jurisdictions (Burnham 1995: 105; Holloway 1994: 34-5). Third, the national state also conducts various international economic, political and military operations, from multilateral trade and monetary agreements to military interventions and political conflicts, in order to increase the mobility and profitability of capital located and stretching beyond its borders, “largely irrespective of the citizenship of the legal owners of that capital” (Holloway 1994: 35).

Open Marxism argues that the gamut of policies that is followed by the national states in order to attract and retain maximum amount of capital from the global aggregate paradoxically stimulates the global mobility of capital, as overaccumulated capital incessantly searches for profitable conditions in order to ensure the reproduction of accumulation. Therefore, despite the global character of accumulation, plurality of the national states does not hinder but improve the capital’s ability for extended reproduction. This is provided by the competition between various national states which augment “the efficiency of capitalist

exploitation operating within its boundaries” in order to “gain a more favorable temporary position in the interstate system” (Burnham 1995: 104; 2002: 123). For a relational approach, two conclusions should follow from these elaborations. The former is that the fragmentation of the global accumulation into the national states should be conceived as constituting a condition for the reproduction of the capitalist relations of production. The latter involves that the competition between various national states is “essential for the reproduction of capitalism” which explains the perpetuity of the national states in the wake of global capital accumulation (Gerstenberger 2011: 72).

For Open Marxism, the last three decades, the period characterized by “the enormous increase in the speed and scale of the flow/flight of capital” does not constitute a ‘great transformation’ or an epochal shift that could be conceived as the emergence of the completely new patterns of relations of production so as to alter the inherent dynamics of capital accumulation (Holloway 1995: 142). For the so-called period of ‘globalization’ is just a new phase in the cyclical development of the internationalization of capital. The internationalization of capital is always present in the global capital accumulation, and it simply reasserts itself in the new forms contingent upon the class struggles and crises of capital (Clarke 1989: 8). Therefore, Open Marxism rejects to use the term ‘globalization’ exclusively for the last three decades, instead underscores the continuous character of ‘globalization’ or ‘internationalization’ of capital accumulation from its historical inception (Holloway 1994: 31). For the approach, the exposition of the history of post-World War II global political economy, thus, is predicated on the internationalization of capital and the national state’s relation to this process.

Post-war world economy is characterized by relative stability based on the sustained accumulation of capital with the favorable conditions for profitability. The international agreements on the liberalization of trade and finance provided mobility for the commodity, money and productive capitals. However, the pressures for liberalization from the US, based on its competitive position for accumulation, were countervailed by the European states’ protective demands (Clarke 2001: 84). The consequence of these conflicts paved the way for a limited

internationalization of capital under the domination of mobility of productive capital. The mobility of money capital was limited by the fixed exchange rates regime established in Bretton Woods. The upshot was relatively convenient conditions for the national state's intervention in the economy and for its ability to stabilize class struggles (Holloway 1994: 39). However, these favorable conditions for the sustained accumulation did not last for a long period as the overaccumulation of capital and falling rates of profit swiftly consumed the stability of the period. The conditions further deteriorated as it became evident that the national state's intervention into economy was always limited and partial and not a solution to contradictions of capital accumulation (Holloway 1994: 40). Consequently, in the 1970s, the world economy was undergone a severe crisis of overaccumulation, as the profitable investment opportunities world-wide was dried up. The repercussions of the crisis for the national states were balance of payments deficits, high government debts, and inflationary pressures.

The response of the global capital to the crisis was an unprecedented increase in the international mobility of capital in the worldwide quest for profitable investment opportunities. The mobility of capital took the form of flight of money capital, as the overaccumulated capital could not be transformed into productive investments and thus the short-term speculative flights sharply aggravated (Clarke 2001: 84). However, the speculative finance capital cannot be conceived as separate or autonomous from the process of production, i.e. from the source of surplus value (Bonfeld 2000: 59). Therefore, increasingly in the 1980s, the rise in the mobility of money capital was accompanied by the introduction of new production methods with higher productivity levels and the relative stabilization of labor's resistance which paved the way for the extended reproduction of productive capital accumulation at a more intensive level. However, the overaccumulation of capital was further aggravated by the competitive rivalries between the capitals located in the Germany, Japan, and the US (Burnham 1995: 108). The upshot was that capital's incessant search for profitable channels could not be compensated by sufficient investment opportunities. Therefore, in the period of globalization the overaccumulation and profitability problems of capital could not be stabilized but continuously deteriorated. As a consequence of the

overaccumulation, huge amounts of capital have been left in the form of money capital – that is to say it could not be transformed into productive capital for surplus value extraction – which has become the pre-eminent form of capital in the wake of globalization. However, capital’s reliance on the short-term speculative financial flows has not provided a relieve for overaccumulated capital but merely exacerbated the crisis-ridden dynamics of globalization (Clarke 2001: 87).

According to Open Marxism, the recent phase of globalization is the result of and the response to the crisis of the 1970s (Holloway 1994: 40; Clarke 2001: 88). The crisis of the 1970s expressed itself in the form of the crisis of the national economies and the national states, as the crisis of government debts, inflation, and balance of payments difficulties (Clarke 2001: 89). Therefore, the response to the crisis was unprecedented increase in the international mobility of capital, as a result of which the national state’s ability “to pursue an independent economic policy has been severely reduced” (Clarke 1989: 9). To the extent that the national state’s ‘independent’ appearance and ‘ability’ to stabilize the economy has severely endangered; concomitantly its ability to stabilize class struggles by presenting capital’s interests as ‘national’ interests has been seriously damaged (Clarke 1991: 175). The political crisis in the wake of globalization assumed the form of the inability of the national state to provide ‘political stability’ (Burnham 1995: 109). The political instability further aggravated the crisis tendencies of the global capital accumulation.

The global capital’s tendency to uneven development has intensified in its depth and extent, which has further increased the competition between the national states to attract higher amounts of capital to their territories. Those national states which have been able to increase their productivity levels and stabilize the political conditions have enjoyed the capital inflows and relatively favorable conditions to mediate the crisis tendencies of accumulation (Burnham 1995: 109). Therefore, the competition between national states has sharply accelerated in the period of globalization. The national states have increasingly been compelled to provide attractive conditions and to shorten decision-making processes almost on

a daily basis, as the speculative flux of capital has contracted the time to react its vicissitudes (Holloway 1994: 41). In the wake of fierce competition, the national states' economic policies have transformed from 'inflationism' to 'monetarism' concomitant to their degree of integration into the global capital accumulation (Clarke 2001: 85). The transformation from inflationism to monetarism involved the reduction of the cost of labor power, the suppression of demand side policies, and the protection of the value of money for the financial profits. However, this transformation of policy was not "an automatic" response, but the result of intense struggles between classes (Clarke 2001: 88). In many states, the globally competitive sections of capital have gained the power to transform the state policies. However, in the 1980s, those states<sup>20</sup> that retained the protectionist policies have undergone more severe crises in the face of the burgeoning global competition. Eventually, more and more states have adopted the monetarist and liberal policies in order to get integrated into the global capital accumulation (Clarke 2001: 89).

Open Marxism provides fruitful conceptual tools and historical expositions for a relational elaboration of the relations between globalization of capital and the national state by underscoring the contradictory unity of global capital accumulation and the national state. However, despite their theoretical perspicuity at a highly abstract level, Open Marxism is often criticized for lack of sufficient theorization at the concrete level, specifically for the lack of analysis of concrete national states' relation to global capital accumulation (Roberts 2002; Gerstenberger 2011: 67; cf. Bieler and Morton 2011). Indeed, conceiving the national states as simple 'nodes' or 'reservoirs' for the global capital underestimates the role of the national states in the process of globalization (Burnham 2002: 122; Holloway 1994: 35). Despite the emphasis on the determining role of class struggles, the significance of these struggles in the differentiation between the national economies' degrees of integration to the global economy is largely overlooked. However, Clarke's (1988a; 1989; 2001) investigation of the roles and transformations of the national states in the wake of

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<sup>20</sup> Clarke (2001: 89) enumerates Brazil, Argentina, South Africa, and India as the states that have maintained the protectionist policies.

globalization can be denoted as an exception to this neglect. Moreover, although Open Marxism's argument of the contradiction between the global capital accumulation and the national state is conducive to investigate the crisis-ridden nature of global relations of production, this contradiction's purported underlying reason is to be criticized. The underlying reason is stated as the contradiction between "the mobility of capital and the immobility of the state" (Holloway 1994: 33). However, total circuit of capital accumulation exists through the contradiction of its mobile (circuits of commodity and money capital) and immobile (circuit of productive capital) moments. The contradictions of global capital in the wake of internationalization of capital cannot be sufficiently revealed without reference to this contradiction of total circuit of capital (Oğuz 2008: 65; cf. Harvey 2001a: 328). Therefore, the argument of Open Marxism that conceives the world as fragmented only politically and as homogenized or unified economically should be criticized. As a result, Open Marxism provides an adequate conceptualization to denote the historical constitution of the contradictory unity between the global capital accumulation and the national form of the state; nevertheless it does not propose a framework for elucidating the underlying reasons behind the differentiation and fragmentation of the global capital relation. In the next section, it will be asserted that through a critical evaluation of the contributions of Nicos Poulantzas, Dick Bryan, David Harvey, Leo Panitch, and Greg Albo, a framework for the explication of the unity and fragmentation of the global capital relation can be advanced.

#### **4.3.2. Re-Defining Globalization as the Internationalization of Capital**

Poulantzas, Bryan, Harvey, Panitch and Albo embrace a relational approach to the analysis of the global capital accumulation and the national state. For them, capital accumulation, as a class relation, categorically and historically has developed as a global phenomenon and unfolded as the world market (Bryan 1995a: 10; Albo 2004: 92). Nevertheless, 'global' character of capital accumulation historically manifests itself as a 'differentiated accumulation', i.e. apparently fragmented into various peculiarities of territories, locations, and regions etc. (Albo 2004: 92). For a relational approach, the reason behind this

differentiated accumulation is that the unfolding of ‘global’ character of capital accumulation depends on the form assumed by the class struggle in different territories (Panitch and Gindin 2004: 5). On the other hand, the capitalist state historically assumed the form of the national state, which accentuates the contradiction between global form of accumulation and the national form of the state as an inherent feature of capitalist mode of production (Bryan 1987: 253; Harvey 2006: 423). A relational approach underscores the significance of this contradictory unity between global capital and national state in the elucidation of the history of development of capitalist relations of production. For their unity is inscribed in the unity of class relation in capitalism (Poulantzas 1975: 46), their contradiction becomes an explanatory factor for the historical developments in the world market. Succinctly, for a relational approach “distinct economies and states are such an integrated part of a coherent whole” (Panitch and Gindin 2003: 36).

Along with the emphasis on contradictory unity of global capitalist relations of production, a relational approach should still explain why capitalist relations of production do not appear as a ‘seamless totality’ or a ‘borderless globe’, instead assume highly differentiated and fragmented political and economic forms in space and time (Bryan 2003: 60-61). The answer that capitalist relations of production are not economically fragmented but only politically divided into territoriality of the states does not provide an adequate explication of the historical development of the capital relation as it will be shown later that world economy also constitutes a highly fragmented phenomenon<sup>21</sup>. As Bryan (2003: 61) argues, the predicament of approaches that suppose the ‘homogeneity’ of global capital is that “[t]hey conflate the process of abstraction (an integrated world) with a historical process (the conflicts and contradictions by which capital expanded across the globe)”. Moreover, despite the extent and depth expansion of capital in the wake of recent globalization, reasons for the continuing significant political and economic differences among the national formations should be elucidated.

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<sup>21</sup> For a relational approach, the words ‘fragmentation’ or ‘differentiation’ do not mean the fragmented parts can be handled in isolation and enter into external relations with each other. Fragmentation and differentiation are used to denote ‘difference’- or ‘separation’-in unity of the phenomena in an internal relations perspective (Bonfeld 1992: 113).

The uneven geographical development is also expressed in the continuation of spatial differences of all sorts in the wake of recent globalization (Bryan 2003: 60; Harvey 2001a, 2006). Finally, although it is assumed that capitalist relations of production have always been global phenomena, there remains a need for a conceptualization that attests the historical dimension of the differentiation and development of ‘global’ character of capital, because as Wood (2005: 127) states “a world of more or less universal capitalism, in which capitalist imperatives are a universal instrument of imperial domination, is a very recent development”. Thus, the need for an approach arises that construes the reasons behind geographical and historical differentiation of the unified global capitalist relations of production and consequently behind the differentiation of national trajectories in terms of their relations to global capital accumulation. The above mentioned scholars, who embrace a relational approach, provide a good starting point for the analysis by arguing that the very same processes, tendencies, and contradictions of accumulation that create the totality of global capital, simultaneously fragment or differentiate that totality (Albo 2004: 92)<sup>22</sup>. In the remaining part of this section, these processes, tendencies and contradictions of global capital accumulation will be shed light on.

As Bryan (1995a: 10) proposes – following Poulantzas (1975) and Palloix (1975) – ‘the internationalization of capital’ is a more appropriate depiction than ‘globalization’ or ‘global capital’, since the former underscores both the historical development of the process and the persistency of the ‘national’ political and economic forms within the totality of capitalist relations of production. Then, the internationalization of capital is defined as “a historical product of the (spatially) expanded reproduction of the capitalist mode of production within a system of nation states” (Bryan 1987: 253-4). That is to say that the internationalization of

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<sup>22</sup> See also Gough and Eisenschitz (1996; 1997) for an explanation of differentiation of unity of capital accumulation through the process of ‘socialization of production’, which they conceive as the fundamental process of surplus value production and contradiction of the capital relation. The ‘socialization of production’ includes the totality of the the labor processes, the use of skills and technology, the reproduction of labor power, and the effects of class struggles. They argue that this process produces ‘immobility’ or space dependencies for capital that explains the geographical (national and regional) and also historical differentiation of the unity of capital accumulation.

capital process is an expression of the contradictions and tendencies of capital accumulation which lead to its geographical expansion. The fundamental tendency that bestows capital with the need to expand on the whole globe is its 'mobility'. Capital, in order to be produced, realized, and accumulated, should be in a constant movement simultaneously between its forms and in space (Harvey 2006: 379). Both kind of 'mobility' are, however, subject to specific contradictions which exacerbate the crisis-ridden nature of capital accumulation.

First, the movement of capital is simultaneously constituted and rendered contradictory in the process of its transformation into three forms, namely productive, commodity, and money capitals. Capital accumulation is realized through the unity of production (the circuit of productive capital) and circulation of value (the circuits of money and commodity capital). Therefore, capital accumulation becomes possible through the constant movement of capital from the productive circuit to money and commodity circuits. However, the unity of these forms is always contradictory and brittle, for the realization of their unity (i.e. capital accumulation) is subject to class struggles between capital and labor and also to competition between individual capitals (Bryan 1987: 260; Harvey 2006: 405). Although total capital (the abstract social capital, i.e. the sum of all productive, commodity, and money capitals) is a 'global' relation and process, the individual capitals' abilities to produce and realize value at the global scale are highly limited and differentiated. Therefore, the global capitalist relations of production cannot be conceived as the actual global reach of individual capitals, but the unity within which countless numbers of 'spatially limited' capitals enter into 'relations of exchange' and of competition (Bryan 1987: 262). As a result, 'the competition' between capitals, for acquiring higher portion of total surplus value, constitutes a fundamental inherent tendency of capital accumulation that simultaneously constructs and fragments the world market (Albo 2004: 92; Bryan 2003: 68). The competition leads to uneven development between individual capitals; concomitantly individual capitals' degrees of integration into international capital circuits become differentiated. As a result of the competition, rivalries and uneven development between capitals, the internationalization of three forms of capital - internationalization of productive, money, and commodity

capitals – assume different trajectories, and different paces for capitals in the different geographies of the world<sup>23</sup> (Bryan 1995a: 10).

Second, the spatial mobility of capital is another aspect of internationalization of capital accumulation which is also endowed with contradictions. The contradiction of spatial mobility of capital is engendered by the contradiction between ‘fix’ and ‘mobile’ moments of capital (Harvey 2001b: 25). That is to say that capital’s mobility is dependent on its ability to render some part of it fixed in the space (Harvey 2001a: 332). The contradiction between fixity and mobility emerges from the contradictory unity of different forms of capital. First, the productive capital is a rupture in the mobility of capital, for the process of production (i.e. the relation of exploitation) necessarily fixes capital for a time period in a specific place or location (Albo 2004: 91; Tsoukalas 1999: 58). Since the productive moment is the sole process within the total capital that creates value, the money and commodity forms of capital, despite their mobility, are dependent on the ‘fix’ moment in the total circuit of capital. Second, as Harvey (2001a: 330) notes, the mobile forms of capital, i.e. the commodity and money capitals, “requires fixed and secure spatial infrastructures if it is to function effectively”. In this vein, both the commodity and money capitals need ‘built environment’, such as technological and infrastructural investments, transportation facilities and vehicles, and communication networks etc. (Harvey 2001b: 25). However, a more fundamental requirement of mobile forms of capital is their need for the securing of a ‘monetary system’, for the exchanges and reservation of value, which is historically provided by the national state (Harvey 2001a: 330). Therefore, the juxtaposition of the international mobility of capital and the fixity of the national state does not constitute an adequate explanation of the relation between international accumulation and the national state. Consequently, it can be asserted that a more comprehensive explanation of the spatial contradiction of the internationalization of capital emphasizes the importance of the contradictory unity between the fixity and mobility of capital.

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<sup>23</sup> See Palloix (1975, 1977), for a periodization of the historical development of internationalization of capital accumulation with respect to ‘dominant’ form of capital in the internationalization of total circuit of capital for each period. In his works, Palloix applies Marx’s concept of circuits of capital to the international scale.

The contradictions and tendencies of international capital accumulation, i.e. competition, rivalry, uneven development, and fixity and motion, are not isolated processes but united in the class character of relations of production. The unity of these contradictions is expressed in the constant tendency of capital to overaccumulation (Harvey 2003: 149-151). Capital's quest for mediating and containing the tendency to overaccumulation produces "a constantly widening sphere of circulation", to integrate the world into a single system characterized by an international territorial division of labor" (Harvey 2006: 418). Thus, the recent internationalization of capital, the so-called period of 'globalization', should be seen as a new phase in the process of unfolding of contradictions of capital accumulation in the tendency to overaccumulation, and the capital's endeavors to mediate and contain this tendency. Nevertheless, the reasons behind the retention and the role of the national state in the recent phase of internationalization of capital remain to be explained.

For a relational approach, the expectation that nation states will 'wither away' or be rendered impotent in the wake of the global rise of 'the structural power of capital' is fundamentally flawed in its assumptions. First, the argument that recent globalization expresses the augmentation of 'the structural power of capital' is problematic, since the recent international expansion of capital expresses its desperate struggle for avoiding its inherent contradictions and seeking a solution for overaccumulated capital rather than its structural ubiquity (Bryan 2003: 68). Second, the 'global' or 'international' accumulation of capital is not a new phenomenon, but a process present from the inception of capitalist relations of production. Thus, historically the system of national states and the international accumulation mutually existed within the capitalist relations of production. Third, the 'weakening of the national state' argument also assumes that in the history of capitalism, at least for a considerable period, the capital existed in the form of autonomous 'national capitals', and thus the national state was able to regulate its 'national economy' (Poulantzas 1975: 39-40; Bryan 2001: 65; Panitch 1994: 63). On the contrary, there are at most periods of relative stabilization in the contradiction between internationality of accumulation and the nationality of the state; however even in these relatively stable periods the national state cannot

effectively regulate capital so as to prevent contradictions, ruptures, and crises of the capital relation.

The role of the national state can be understood with reference to its contradictory unity with the international capital accumulation, and to forms that the contradiction between them assumes in the wake of recent internationalization of capital. The national states are not simple 'nodes' or 'moments' of the world market; such a conceptualization overlooks the national state's inherent role in the class struggle, and thus in the capital accumulation (cf. Poulantzas 1975: 50). Instead, the national state should be seen as 'a fundamental constitutive element' in the internationalization of capital, for it assumes the role of 'internalizing' and 'mediating' of the international capitalist relations of production (Poulantzas 1976: 22; Panitch 1994: 71, 87). In Poulantzas's (1975; 1976) analysis of the internationalization of capitalist relations in the 1970s, he accords a specific emphasis on the determining role of the class struggles in the 'internalizing' of the international conditions of accumulation in the forms of the national state and in the differentiation of the national economies integration to the international economy. Hallmark of Poulantzas's (1975: 75) analysis is that the internationally mobile capital groups are not conceived as imposing their interests externally to the national states and formations, but as becoming and constituting a fundamental part of the internal or domestic power struggles between classes and class fractions. Hence, by overcoming the internal – external distinction in the analysis of the capitalist relations of production, Poulantzas (1975: 75; 1976: 22) asserts that the internationally mobile capital groups become represented in the 'power blocs' of each national formation, and thus seek to transform the form of the state in accordance with the international conditions of capital accumulation. Therefore, to the extent that the reproduction of the international conditions of capital accumulation within the national states are conceived as contingent on the contradictory nature of class struggles, in the process of 'internalization' and 'mediation', the national state cannot resolve the contradictions of international capital accumulation, but only reproduces them within its own form (Poulantzas 1975: 74). Therefore, the national state's capacity to regulate international capital accumulation is limited, for the 'internationality' of the accumulation is beyond

the territorial reach of any national state (Bryan 1987: 254). As a result, the national state's limitation is manifested:

“[A]s a contradiction both within internationalized accumulation (that the necessary functions of the state performed on behalf of capital cannot be performed with international coherence) and within nation states themselves (as the inability to reconcile the duality of nationalism and internationalism)” (Bryan 1995a: 43).

As the contradiction between the internationality of capital and the national form of the state confines the ability to regulate capital accumulation, the national states can only seek to ‘latch onto’ the process of international accumulation by competing for providing most profitable conditions for capital within their borders (Poulantzas 1975: 73). Therefore, the national states compete for attracting bigger shares of international total capital into their territory and seek to provide profit rates that are competitive against the international average rate of profit (Panitch and Gindin 2006; Bryan 1995a: 5). The competition between national states augments the mobility and accumulation of capital, thus the relation between the national state and the mobility of capital should not be conceived in opposition (Panitch 1994: 65; Harvey 2001a: 274). Consequently, the national states assume the responsibility for the facilitation and protection of the international capital accumulation within its territory<sup>24</sup>. The national states execute this responsibility for the international capital through the securing of a ‘labor system’ and a ‘money system’ (Bryan 1995b: 425). Provision of a ‘common currency’, protection of ‘legal structure’, control of ‘class formation’ through ‘social institutions’, and most importantly the reproduction of class domination comprise the money and

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<sup>24</sup> Panitch (1994: 75), following Poulantzas (1975: 72-75), attests that this process corresponds to the constitution of a new faction of bourgeoisie, whose capital is completely international, i.e. ‘the internal’ or ‘domestic’ bourgeoisie. The post-war period is purportedly experienced the consolidation of the pre-eminence of domestic bourgeoisie within all important capitalist countries. What the domestic bourgeoisie implies for the national state is that they transform the national state so as that it assumes the responsibility for international capital on an equal footing, i.e. without any discrimination against on the ‘national’ or ‘foreign’ capital. As a result, capitalist relations of production increasingly assume its inherent international character (Poulantzas 1975: 43).

labor systems in the responsibility of the national states (Albo 2003: 7)<sup>25</sup>. However, it should be noted that the effectiveness of the (national) labor and money systems are limited, for they are internal parts of the international production of value, and the international circulation of money (Bryan 1995a: 73). Therefore, the national state's endeavors to facilitate and protect international mobility of capital accumulation end up in reproducing the contradictions of the accumulation within the state form. For example, the national state's policies to control interest rates and exchange rates, for attracting capital, are always confined within the exigencies of international money flows (Bryan 1995a: 78). Moreover, as the national state seeks to augment mobility of capital, it also has to construct a set of barriers to mobility of capital. The reason behind this is that in order to stabilize the exchange rate of money and protect the value of its currency, the national state is compelled to render at least some portion of capital immobile in its territory (Harvey 2006: 386). Furthermore, the national state seeks to contain crisis tendencies of capital by fixing overaccumulated capital in long-term investments in technological infrastructure, research and development activities, built environment, and in the 'spatial reorganization' (Harvey 2003: 88; 2007: 62). As a result, the national state's intervention in the capital accumulation process can only reproduce the contradictions of accumulation (e.g. competition, uneven development, fixity and mobility) on "an ever-broadening geographical terrain" (Harvey 2001b: 27).

Contrary to the arguments that date the inauguration of the process of globalization to the 1970s, for a relational approach, the recent phase of globalization should be dated back to the post-war world order as a phase of the internationalization of capital accumulation and the period from the crisis of the 1970s should be conceived as a significant acceleration in the pace of the internationalization as a response to the crisis of profitability (Bryan 2001: 72; Panitch and Gindin 2003: 18). Due to the massive destruction of productive forces and the relative strength of working class resistance, the early post-war years

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<sup>25</sup> Wood (2002: 24-5; 2005: 136-7) also enumerates such provisions necessary for the international capital accumulation and concludes the indispensability of the national state even the capitalist relations of production would assume its ultimate global character.

conditions were experienced as a relative stabilization of the internationalization of capital, and thus the containing of the contradiction between international capital and the national state became possible (Bryan 2001: 72). However, from the mid-1950s onwards, it became apparent that this stable period was only 'transitional', for the overaccumulated capital initiated a massive expansion of international flows especially in the form of productive capital (e.g. foreign direct investments) (Panitch and Gindin 2003: 19).

The so-called period of 'globalization' began from the late-1970s onwards, and augmented the internationalization of capital by the international 'hypermobility' of money capital, and the global integration of production processes (Panitch and Gindin 2004: 23). In this recent phase of the internationalization, neoliberal policies of devaluing the labor power and tightening the social expenditures paved the way for the extraction of higher surplus values from the labor. In this phase, the technological developments, accentuated by the stimulation of the increasing international competition, assumed a significant pace so that the productivity levels increased sharply. Moreover, neoliberal policies of liberalization of capital movements also corresponded to capital's search for profitable investment opportunities worldwide (Panitch and Gindin 2004). According to Panitch (1994: 64), in the adoption and implementation of neoliberal policies, the national states played a crucial role so that the recent phase of the internationalization in important respects was 'authored' by the states. However, he does not imply that the process of internationalization of capital is controlled by the states, but that the national states, being the internal parts of capital accumulation, submitted themselves to the role of 'internalizing' the conditions of global capital accumulation within their territories (Panitch 1994: 70). Indeed, in the recent phase of the internationalization, the contradiction between global capital and the national state confined the ability of the state to mediate the capital accumulation more than ever. Competition between national states to attract and retain higher shares of global capital within their territories exacerbated the uneven development and limited the opportunities available for many national states (Albo 1997: 10). Moreover, the hypermobility of money capital increased the vulnerabilities of the national states through exposing their national currencies to

the vicissitudes of global speculative money flows (Bryan 1995a: 61). The upshot of the internationalization of productive and money capitals constituted a constant problem of overaccumulated capital, which suffered from the lack of profitable investment opportunities (Callinicos 2006; Harvey 2003: 64). Therefore, the recent phase of the internationalization witnessed a series of crises which are distinguished from earlier periods in terms of their frequency and extensity. In this period, the crises assumed the forms of insolvency of financial markets, bursts of financial assets, national state's debt and balance of payment problems, inflationary pressures, and rising unemployment levels, all of which became simultaneously shared experiences for many countries (Bryan 1995a: 37). The debt crises of Latin American states in the 1980s, the U.S. stock market crash of 1987 and 1990, the European monetary crisis of 1993, the crises of Russia and East Asian countries in 1997, and the global stock market turbulences of the 2000s can be seen as the expressions of international overaccumulation crises. The national states' inability to prevent these crises was expressed in the intensification of competition, rivalries, and tensions between them (Albo 2004: 97-98). The competitive conditions have compelled the national states to follow policies of liberalization of capital movements and suppression of labor in an effort to attract a higher share of global capital into their territories. However, to the extent that the national state's policy has submitted to the conditions of global capital accumulation, it has tended to lose its fundamental role of the class domination and endangered its 'neutral' appearance, through its representation of the 'national' interests, above the class relations. This contradiction of the states is defined as the lost in "the legitimation capacity of states" in so far as the labor rendered "as bearers of burden of national policies" of global competitiveness (Panitch and Gindin 2003: 33-4; Bryan 2001: 70). In conclusion, a relational approach to the recent phase of the internationalization has elucidated the contradictions of the international accumulation, and the process in which the national state reproduces these contradictions within its form. As a result, how the contradictions of international accumulation endanger the state's capacity to mediate and contain class struggle, which is expected to enable it to facilitate international accumulation, is explicated.

#### **4.4. Conclusion**

In this chapter in order to overcome the dualistic arguments that juxtapose the global capital and the national state and emphasize either the former or the latter at the neglect of other, a relational approach is proposed which attests the totality of capitalist relations of production. For this approach, the global capital and the national state are conceived as the moments of the same relations, i.e. capitalist relations of production, thus it is suggested that the global capital exists not beyond the national state but through it and vice versa. It is argued that the mutual existence of the global capital and the national state is not a new phenomenon emerging with the so-called 'globalization' process, but historically and conceptually inherent to capitalism from the generalization of commodity production and exchange. For a relational approach, capital, as a social relation of exploitation and a repository of value, has never been a national phenomenon, but an international relation and process. Moreover, the political in the capitalist relations of production assumed the form of the national states within the international political system of states as a result of the historical development of class struggles and the formal separation of the political and economic in capitalism. However, it is asserted that the unity of political and economic is subject to the contradiction between global form of capital accumulation and the national form of the state. It is argued that, this contradiction manifests itself in the limitation of the national state to regulate or control capital accumulation process. Reciprocally, the limitation of the national state endangers the international accumulation for it frequently enters into recessions and crises, and also the national state for it is imperiled to lose its ability to secure the reproduction of class domination.

In each historical phase of capital accumulation, the globalization of capital assumes different forms which reproduce the contradiction between global capital and the national state in the new forms (Bryan 1995a: 11). Thus, the concept of the 'internationalization of capital' is proposed instead of globalization or global capital, for the former defines the phenomenon as a process and underscores the continuing role of 'national' scale in this process. For a relational approach,

capitalist social relations are inherently antagonistic and contradictory so that their historical trajectories can be conceived as the movement of the contradictions (Bonefeld et al. 1992: xiv). In the context of international capital accumulation, it is argued that the contradictions of the accumulation process simultaneously construct and differentiate the world market. This difference-in-unity results in that the differentiation in the degree of integration of each national unit to the world market is mainly the consequence of the differentiation in the trajectories of the class struggles in different territories, and also of the contradictions of international capital accumulation (Poulantzas 1975: 50; Panitch and Gindin 2004: 5). The contradictions of international capital accumulation are comprised of competition for higher shares of profits, uneven development of accumulation, and the fixity and mobility contradiction. These contradictions create a constant problem of overaccumulation and of profitability for capital which compels itself to an incessant search for profitable investment opportunities over the world. In so far as the national states cannot control the capital accumulation, they are enforced to provide suitable conditions for accumulation in order to attract and retain a share of international capital in their territories. Therefore, it is asserted that the national states are not obstacles to international mobility of capital, but plurality of the national states is a facilitating factor for this mobility (Burnham 1995: 103; Gerstenberger 2011: 72; Harvey 2001a: 274; Panitch 1994: 65). As a result, it is argued that a relational approach proposes a framework to explain the unity of international capital accumulation and the national state, and at the same time to elucidate the reasons of differentiation between trajectories of nations and geographies in their relations to the global economy.

The scholars from the relational persuasion conceptualize the phase of recent globalization, the period from the late 1970s onwards, as the massive expansion in the internationalization of capital in the forms of money, productive, and commodity. A relational approach aims to emphasize the continuity of capitalist dynamics in globalization period as well as those aspects that differentiate it from other phases. The recent phase is differentiated by the enormous increase in the mobility of capital in the financial markets, and by the high degree of global integration in the production processes. The upshot is purportedly the significant

increase in the international integration of conditions of accumulation. The recent phase is also differentiated with its intensified crisis tendencies, the length of downturn or slow rates of capital accumulation, and the frequent crises (Albo 2004: 103). Concomitant to high degree of international integration, the frequent crises of overaccumulation, under various forms of manifestation (debt crises, balance of payment difficulties, credit crunches, stock market and asset markets devaluations etc.), become the shared experiences of many countries. National states' inability to contain or regulate the exigencies of capital accumulation becomes evident. Thus, the national states increasingly adopt policies that aim to increase the degree of integration into international accumulation and to attract international capital into their territories. The concept of 'neoliberal' policies is accepted as the generic term for the liberalization of capital movements, institutionalization of capital markets, anti-inflationary policies, and also anti-labor policies of reducing cost of labor and increasing productivity all of which are conducted to augment international integration of capital. As a result, contrary to arguments that globalization of economy only becomes possible by the weakening of the state; the national states assume indispensable roles of 'internalization' and 'mediation' of the international conditions of capital accumulation.

## **CHAPTER 5**

### **CONCLUSION**

In this thesis, it was intended to point out the predicaments of dualist conceptualizations of the relations between political and economic, the state and capital, and global and national in the analyses of capitalist globalization. It was argued that the neglect of class relational substance of social phenomena in capitalism paves the way for these dualist comprehensions which obscure the elucidation of recent globalization in terms of the unity of change and continuity in the history of capitalist relations of production. One of the repercussions of these dualist approaches is that globalization is conceived as a period of epochal transformation through which political and economic relations in capitalism are fundamentally changed. Such a perspective stems from the ideal typical presentation of the period before the recent phase of globalization in which capitalism was purportedly organized with respect to coherence between national politics and national economy, which has been dissolved with the recent globalization. Another consequence of dualist conceptions is that globalization is considered as the upshot of objective or structural developments in the information and communication technologies, and in interdependencies between national economies, and in the financial markets. Therefore, it was argued that the need for an alternative approach that elaborates on the social relations that constitute these purportedly structural developments remained to be explained.

For the dualist analyses of globalization, national and global processes are juxtaposed against each other so as to anticipate dissolution of the national territories, national states and economies with the movement of capital towards the global arena. Global accumulation of capital are equated with the deterritorialization of social, political and economic relations, consequently the territoriality of the national state is reduced to a redundant factor in the

constitution of global capital relation. In this thesis, for a critic of such conceptualizations, it was argued that the state and capital should be conceived as social relations within the unity of capitalist relations of production. Such a relational perspective underscored the contradictory unity of the global capital and the national state in the totality of capitalist relations of production. It was proposed that a relational approach can elucidate the concurrent constitution of the unity and differentiation of the capitalist relations of production in so far as it perceives the constitution of the international character of accumulation and the national form of the state as the historical premises and results of the contradictory character of class relation in capitalism. In this vein, it was proposed that globalization can be more appropriately conceived as the internationalization of capital, which is not a new phenomenon but inherent to the capital relation from its very inception, that is a process asserting itself in different forms in the historical development of capitalism. Therefore, the internationalization of capital is a continuous process to the extent that capital is compelled to the incessant search for new bases for its accumulation, in an endeavor to contain its crisis tendencies stemming from the contradictions of capital accumulation, namely tendency to overaccumulation, tendency of rate of profit to fall, uneven development, and competition. Moreover, it was argued that the constitution of global capital accumulation does not dissolve the existence and significance of national territories and national states. The endeavor of capital to overcome spatial dependencies by its incessant mobilization is contradictorily predicated on the configuration of new spatial dependencies, and concomitantly the uneven development of capital is related to reproduction of territorial differences (Harvey 2003: 149-151). Besides, historically the international character of capital accumulation and the national form of the state exist concurrently as the economic and political forms of capitalist relations of production. In the historical development of capitalism, the national state, because of the formal separation of the political and economic in capitalism, assumes an appearance that is outside and above of class relations between capital and labor. The apparent neutrality of the state constitutes the form of existence of the political in the reproduction of capitalist relations of production. Historically, the political form of the capitalist

relations of production assumes the international state system constituted by the plurality of the national states. However, it was proposed that the national state cannot solve or regulate the contradictions of the capital relation; since it is not autonomous from the capital relation but an internal part of its reproduction, it reproduces these contradictions within its own institutional materiality and form.

It was argued that the recent phase of the internationalization of capital has been the outcome of overaccumulation crisis of the 1970s. However, substantial increases in the pace and extent of internationalization of productive and money capital have resulted in the exacerbation of the overaccumulation tendency of capital at the global scale. Frequent recessions and crises, some of them experienced as global crisis and many other as regional or national crises, have been the manifestation of global overaccumulation of capital. In the recent phase, the contradiction between the international character of accumulation and the national form of the state has accentuated the limits of the state's ability to contain crisis-ridden contradictions of capital. However, it has not meant the demise of the national states' endeavor to facilitate and augment the conditions of capital accumulation in and beyond their territories. Thereby, the national states have not been reduced to simple moments of globalization of capital, but assumed fundamental roles of internalization and mediation of the international conditions of capital accumulation.

In the thesis, three approaches within the international political economy studies were critically scrutinized in the context of their analyses of globalization. Neo-Gramscian, the regulation, and the relational approaches are three perspectives which purport to overcome dualist conceptions of the relations between the political and economic, the state and capital, and global and national. In this vein, these three approaches claim to overcome these dualisms by underscoring social relational contents of these phenomena. Nevertheless, it was argued in the thesis that despite their substantial contributions to critical analyses, neo-Gramscian and the regulation perspectives fail to provide a relational framework for the elucidation of the capitalist globalization.

In the context of globalization, neo-Gramscian and the regulation approaches conceive the rise of globalization as the outcome of increasing 'structural power of capital' or changing objective conditions of capital accumulation. Therefore, instead of conceiving transformation as the outcome of contradictions of capital accumulation which stem from the class relational content of capital, they treat the relations of production as the realm of objective processes. Moreover, neo-Gramscian and the regulation perspectives embrace the ideal-typical exposition of the history of political economic relations so as to be content with the descriptive analyses of periods of capitalism at the expense of elucidating the underlying social relations and processes. The upshot is the conceptualization of the recent phase of globalization as the epochal transformation from the previous organization patterns of capitalism, which were purported to be predicated on the correspondence between the national economy and the national state.

In so far as neo-Gramscian and the regulation approaches conceive the state as autonomous from the capital relation, they cannot overcome dualist conceptualization. Their emphases on the reciprocal relations between the state and capital do not overcome dualism but reproduces it. As a result, the process of capital accumulation is conceived as a phenomenon to be regulated by the externally related institutional organizations, primarily by the state. Thus, the state is not conceived in terms of its contradictions as the form of existence of social relations of production, but in terms of its functional roles to the regulation of crisis tendencies of the capital accumulation. Thereby, despite their purported emphasis on the social relational character of the state and capital, these phenomena are elaborated primarily with reference to their institutional forms, instead of conceiving these institutional forms as the modes of manifestation of the underlying contradictory dynamics of the social relations of production (cf. Gerstenberger 2011: 70).

In their analyses of globalization, neo-Gramscian and the regulation approaches cannot provide a framework to avoid the predicaments of dualisms between global and national, and the state and capital. For neo-Gramscian approach, the process of globalization precipitates the deterritorialization of the national scale

and the rise of transnational political and economic relations. This obvious juxtaposition of global and national is predicated on neo-Gramscian inclination to equate the globalization of capital with the deterritorialization of space. For such a perspective, capital is conceived as a homogenous, deterritorialized and non-frictional phenomenon, whereas the territoriality is treated as external to capital as pertaining to the state. On the other hand, the regulation approach, especially Bob Jessop's and Neil Brenner's analyses, attributes a special emphasis to mobile and immobile moments of capital accumulation, and thus the continuing territoriality of capital in the wake of globalization. They provide analyses sensitive to multi-scalar patterns of capital accumulation. However, neo-Gramscian and the regulation approaches' explications of the transformations of the state in the wake of globalization retain untenable dualist conception between the state and capital. For both approaches, accompanying to the structural changes in the capital accumulation, the capital fractions' strategies constitute an important factor in the emergence of globalization. In these approaches, social forces are considered as interest groups conflicting in the political realm, instead of social classes in the unity of the political and economic forms of the capitalist relations of production (Bedirhanoglu 2008: 96-97). Consequently, it was argued that these approaches' purported emphases on social forces are flawed with pluralism and voluntarism.

The interplay between the structural changes, constituting the limits of the possible or objective conditions, and the strategic projects, constituting the realm of contingency and power struggles, produce the transformations in the institutional organization of the political form. Hence, as a response to the requirements of globalization, new forms of 'statehood' or 'governance mechanisms' emerge in various scales, local, regional, supranational, or cross-national (cf. Brenner 2004). The predicament of these analyses is that conceiving the state forms as functional regulatory institutions in the sense that the emergence of governance organizations at various scales are anticipated to be responses to the requirements of capital accumulation at various scales. The upshot of such conceptualizations of the state, that is the conception of the state as if it follows the requirements of the capital accumulation to externally regulate it, is functionalism. Thus, in the thesis, it was argued that neo-Gramscian and the

regulation approaches' conceptualization of the state are based on functionalism and dualism. However, it was also emphasized that some recent contributors to neo-Gramscian perspective embrace a relational approach and emphasize the internal relations between the political and economic forms of the capitalist relations of production (Rupert 2002; Bieler and Morton 2006, 2011). Against a dualist conceptualization in the analysis of globalization, they argue that historically the international character of capital accumulation and the international political system of national states are concurrently constituted and existed in their interrelationship (Bieler and Morton 2011: 26-27). Moreover, they underscore the role of the national state in 'internalizing' the international conditions of capital accumulation through the class struggles on the form of the state (Bieler and Morton 2011: 33-34).

In the third chapter of the thesis, a relational perspective was proposed in order to overcome dualist conceptualizations in the analyses of globalization. It was argued that the relational approaches of Open Marxism School, Nicos Poulantzas's later works, Dick Bryan, David Harvey, Leo Panitch, and Greg Albo among others provide a fruitful framework for analyzing the contradictory unity of the internationalization of capital and the national state as historical the economic and political forms of capitalist relations of production. On the one hand, Open Marxism's emphasis on the historical constitution of the international form of capital and the national form of the state in their unity in the capital relation was acknowledged as a critical contribution to the analysis. However, they were criticized for concurring capital as a homogenous and deterritorialized global social relation, thus overlooking the historical development of the international forms of capital accumulation and the historical and geographical differentiation and fragmentation of capital. Thereby, it was proposed that the assertion of Open Marxism that the national state is simply the 'node' of global capital does not provide an adequate framework for the analysis of the indispensability of the national states for the reproduction of the capitalist relations of production. Therefore, it was denoted that the need for a framework which elucidates the reasons for the differentiation of territorial and national experiences within the unity of international form of capital relation remains to be

asserted. Therefore, it was proposed that the analyses of globalization as the internationalization of capital provide the framework for the elaboration on the differentiation in the unity of international capital accumulation. For they conceive the national economies' differing degrees of integration to the international accumulation as outcomes of the historical peculiarities of the conditions of the contradictory character of class relation in different territories, and concomitantly as outcomes of the uneven development of capital accumulation (Bryan 1995a: 40).

Amid the severe global crisis of capitalism which increasingly becomes shared experiences of people in distant regions of the world, it was asserted that a critical elaboration of the recent phase of globalization should overcome the dualist conceptualizations of the relations between global capital and the national form of the state, since such a dualism obscures the understanding of the underlying contradictory dynamics of the capitalist social relations of production. Such a relational conceptualization can provide a historical explication of the continuity and change in the contradictory unity between global form of capital accumulation and the national form of the state. In order to develop such a perspective, however, it was attested that dualist conceptualizations between global and national, political and economic, and state and capital are to be avoided. In this thesis, it was proposed that a relational perspective can provide a framework for the crucial task of elucidating the contradictions and crisis-ridden nature of capitalist relations of production. In the wake of the continuous crisis of the recent phase of international capitalist relations, such a task increasingly becomes an immediate necessity.

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**APPENDIX**  
**TEZ FOTOKOPİ İZİN FORMU**



**TEZ FOTOKOPİ İZİN FORMU**

**ENSTİTÜ**

Fen Bilimleri Enstitüsü	<input type="checkbox"/>
Sosyal Bilimler Enstitüsü	<input checked="" type="checkbox"/>
Uygulamalı Matematik Enstitüsü	<input type="checkbox"/>
Enformatik Enstitüsü	<input type="checkbox"/>
Deniz Bilimleri Enstitüsü	<input type="checkbox"/>

**YAZARIN**

Soyadı : GÜNAY

Adı : SEDAT ILGAZ

Bölümü : SİYASET BİLİMİ VE KAMU YÖNETİMİ

**TEZİN ADI** (İngilizce) : INTERNATIONALIZATION OF CAPITAL, GLOBALIZATION, AND THE STATE

**TEZİN TÜRÜ** : Yüksek Lisans  Doktora

1. Tezimin tamamı dünya çapında erişime açılsın ve kaynak gösterilmek şartıyla tezimin bir kısmı veya tamamının fotokopisi alınsın.
2. Tezimin tamamı yalnızca Orta Doğu Teknik Üniversitesi kullanıcılarının erişimine açılsın. (Bu seçenikle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)
3. Tezim bir (1) yıl süreyle erişime kapalı olsun. (Bu seçenikle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)

Yazarın imzası .....

Tarih 26.09.2012