

RESTRUCTURING HEGEMONY IN THE GLOBAL POLITICAL ECONOMY

The rise of transnational
neo-liberalism in the 1980s

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London and New York

First published 1993
by Routledge
11 New Fetter Lane, London EC4P 4EE
Simultaneously published in the USA and Canada
by Routledge
29 West 35th Street, New York, NY 10001

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Typeset in Scantext September by
Leaper & Gard Ltd, Bristol
Printed and bound in Great Britain by
T.J. Press (Padstow) Ltd, Padstow, Cornwall

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British Library Cataloguing in Publication Data

*A catalogue reference for this book is available
from the British Library*

ISBN 0-415-05595-4

*Library of Congress Cataloging in Publication Data
has been applied for.*

ISBN 0-415-05595-4

RESTRUCTURING HEGEMONY IN THE GLOBAL POLITICAL ECONOMY

Has the idea of the free market triumphed over the interests of real social forces? Since the late 1970s, the spread of neo-liberalism and the failure of socialist economies and systems in Eastern Europe have resulted in a practically unchallenged hegemony of international capital across the globe. Neo-liberalism is now the dominant ideology, legitimizing the privatization of state-controlled economies and the substitution of the market for the social provision of basic welfare.

In *Restructuring Hegemony in the Global Political Economy* the authors argue that this process began with the defeat of the New International Economic Order, the Euro-Communist ascendancy in Western Europe and the overthrow of the Allende government in Chile, and culminated in the collapse of East European and Soviet socialism. They assert that the victory of neo-liberalism is now so complete that its radical features have come to be accepted as the new normality. While tracing the development in individual countries, the book illustrates that these developments are part of an essentially transnational process. The social forces involved in this process, their international linkages, and their responses are discussed in their global context. This analysis is based on a common theoretical approach which transcends the limits of the state-centric discourse of (neo)-realism by taking the dialectical process of global class formation as its point of departure. *Restructuring Hegemony in the Global Political Economy* presents a timely appraisal of the process of transforming the world system as it has unfolded from the late 1970s. The contributors include some of the most stimulating and productive writers currently working in the area of international political economy.

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PREFACE

Gradually over the past two decades, the critical study of international political economy has gained for itself a certain autonomy within the larger discipline of international relations. The efforts to understand the dynamics of change in the global economy since the early 1970s have put a number of specific theoretical issues in the limelight. These issues are not new issues: they are questions as old as the first systematic attempts to think about the development of social (i.e. economic, political and ideological) relations at the global level. They are new only in the sense that they reappeared in a historically-specific guise as components of the intellectual attempt to understand the implications of the transformation of the global political economy, the contours of which were first becoming visible after the first internationally-synchronized recession of 1966–7.

One of the most complex and challenging theoretical problems to emerge concerned the adequate conceptualization of the ‘internal–external’ dialectic. From different corners, the early 1970s produced theoretical approaches investigating the importance of the global character of capitalism for understanding the development within distinct countries: in Latin America a number of *dependentistas* took up this question (Cardoso, Frank, Furtado, Villammil); in Germany the group working on the *Weltmarktbewegung des Kapitals* (world market movement of capital) did the same (von Braunmühl, Busch, Neusüss), and in France people such as Palloix and Andreff analysed the internationalisation of capital and of the capitalist labour process. Eventually, the world-system theorists following the lead of Immanuel Wallerstein captured the discussion and pushed the argument to its extreme limit, by declaring the world economy to be the determinant instance.

The second problematic arising out of essentially the same attempt

to deal with the internationalization of capital was initiated when Robin Murray coined the phrase 'territorial non-coincidence'. Exploring the reality and the political implications of the non-coincidence between the territorial reach of capital and the boundaries of the nation-state formed the essence of the debates between Murray, Mandel and, in particular, Poulantzas on the nature of the nation-state and of international integration in the era of transnational capital. It was through Poulantzas' work and that of other French Marxists that the writings of Antonio Gramsci became known to a larger audience, prompting the first English translation of *Quaderni del Carcere* (*The Prison Notebooks*) in 1971. Gramsci's preoccupation with the ideological dimension, and particularly the consensual quality, of class rule in modern capitalist society seemed to provide a convincing answer to the questions thrown up in the 'revolutionary' convulsions of the late 1960s all over the Western world. In Britain, it was Bob Jessop who introduced Gramsci (through his concept of 'hegemonic projects'). In the 1980s, it was Robert Cox who introduced Gramsci's thought to the discipline of international relations theory, most comprehensively in his important *Production, Power, and World Order. Social Forces in the Making of History* (1987).

The third problematic appearing anew from the early 1970s onward is the question of structure and agency. In the context of the debate on the nature of class power mentioned above, this eternal problematic appeared as the question of the study of the fractioning of capital and of the bourgeoisie. Building on the work of others (Bode, Hickel, Fennema), it was Kees van der Pijl who formulated the most elaborate statement of what has sometimes jokingly been called the 'Amsterdam School' in *The Making of an Atlantic Ruling Class* (1984). Central in this approach was the analysis of the structural conflicts of interest within the ruling class arising out of the fractionation of capital along functional lines and the division of the bourgeoisie into blocs clustering around competing comprehensive concepts of control, and in particular the transnationalization of these conflicts as consequence of the transnational expansion of capital.

The contributors brought together in this volume share an interest in developing an approach to integrate the three problematics indicated. They are not a 'school' in a strict sense of the word: they do not work in the same place, they do not hold identical views on many (even centrally important) questions, and they do not aspire to present a uniform analysis. But they do agree that the nature of the neo-liberal revolution which has swept over the world in the 1980s, consummating

its victory with the collapse of the Communist regimes in Eastern Europe and the Soviet Union, can only be understood if these elements are recognized:

- 1 the rise of neo-liberalism is to be explained as being determined by the restructuring of world capitalism in the 1980s;
- 2 it is therefore to be understood as a transnational phenomenon rather than as a series of basically unrelated national developments;
- 3 neo-liberalism is the concept of control of transnational finance capital (the coagulation of transnational money capital and globally-operating productive capital);
- 4 transnational neo-liberalism manifests itself at the national level not as a simple distillate of external determinants, but rather as a set of intricate mediations between the 'logic' of global capital and the historical reality of national political and social relations.

The neo-liberal project thus has a different face in each country. Yet, we hope that the present volume will present a convincing argument for highlighting the similarities rather than the dissimilarities, and for emphasizing the transnational character of contemporary capitalism.

This book is not the result of a concerted group effort. Nevertheless, the book would never have been realized were it not for the cooperation, endurance and mutual solidarity of the contributors. They had fewer problems in meeting their deadlines than did the editor. A word of thanks is also due to the people at Routledge. Alan Jarvis in particular has been very supportive and stimulating. Finally, I would also like to thank Malcolm Alexander for his support at a crucial moment in the editing process.

Henk Overbeek

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RESTRUCTURING CAPITAL AND RESTRUCTURING HEGEMONY

Neo-liberalism and the unmaking of the
post-war order

Henk Overbeek and Kees van der Pijl

THE NEW NORMALCY

In one long revolutionary wave, the East European regimes of 'really existing socialism' have been swept away in the past two years. Communism as a living political movement no longer exists, and anti-communism is therefore no longer an essential element of bourgeois ideology in the West. Eastern Europe, the Soviet Union, and most of their former allies in the Third World (Angola, Ethiopia, Vietnam), are swiftly being reintegrated into the world economy, their social structures overturned to accommodate their insertion into the global capitalist class structure. In these formerly socialist countries, neo-liberalism has become the predominant ideology legitimating the privatization of the state-controlled economy and the substitution of the market for the social provision of basic welfare. For Europe as a whole this has set in motion processes of economic and political liberalization and mass migration on a scale unprecedented in the past century. The need for a 'New European Architecture' (Holman 1992) determines the shape of European politics to come.

In the West, the high tide of the 'Reagan revolution' and 'Thatcherism' seems to have receded with the political retirement of their namesakes, Ronald Reagan and Margaret Thatcher. Untrammelled international competition, the celebration of the market, of wealth and self, anti-communism and anti-unionism; all these are no longer propagated as 'revolutionary' in the sense of challenging a prevailing consensus of a different content, but they are now part of normal every

day discourse, self-evident, near impossible to contradict or even doubt. History conceived of as a struggle of ideologies has come to an end, as Fukuyama (1989) would have it. In short, the end of history appears to have resolved any remaining internal contradictions within international capitalism (other than straightforward competition), and to represent the triumph of the ideological tendency articulating these orientations, neo-liberalism. Its victory means that its radical tenets have themselves become the new 'normalcy'.

How can we account for such a process? Is it the outcome of a battle of ideas, or is it the product of the concrete agency of social forces? If so, does that then mean that social forces are capable of redefining the coordinates of what is considered 'normal', or is this apparent consensus merely a mental reflection of the real living and working conditions that people face, and do opinion leaders and politicians only 'ride the waves'?

The contributors to this collection have attempted to answer these questions by investigating a number of manifestations of what was essentially a transnational neo-liberal revolution. This transnational revolution took place against the background of the crisis of world capitalism of the 1970s which necessitated a far-reaching restructuring of the economic, social and political conditions for capital accumulation. Neo-liberalism, it will be argued in the chapters to follow, was the hegemonic project which guided this restructuring and shaped its trajectory. The social forces involved, their international linkages, and their responses to the structural obstacles facing them, are analysed for a number of less generally known cases. Reaganism and Thatcherism are the best known examples of course, and have as such been subjected to intense and often comparative scrutiny. Other cases have received less attention. This collection aims to show that the neo-liberal counter-revolution was indeed a transnational phenomenon, actually enveloping not just the heartland of world capitalism but also outposts such as Chile and Australia, and not just countries ruled by conservative political formations such as Britain but also countries ruled by Christian Democrats (Belgium, Germany) or by Social Democrats (Spain).

In this first introductory chapter, the conceptual framework which is common to the following chapters will be introduced. To say that there are certain commonalities in the theoretical approaches of the different authors is not to say that there are no differences of emphasis or even sometimes of opinion. On the contrary, the alert reader will have no trouble spotting some fairly important divergences. This indicates that

their thinking has not (yet) become dogmatized, and that debate and even discord are positively valued. For all their differences, however, the contributors do share the theoretical view that class formation and class conflict are structured by what we have termed *comprehensive concepts of control*.

FRACTIONS OF CAPITAL AND CONCEPTS OF CONTROL

Comprehensive concepts of control are expressions of bourgeois hegemony reflecting a historically specific hierarchy of classes and class fractions. They express the ideological and in Gramsci's sense hegemonic structure of particular historical configurations of capital.

Capital fractions, as Hickel (1975) argues, are structures of socialization by which the fundamental contradiction between capital and labour is articulated in a concrete configuration of classes. Fractions of total capital are aggregates of capitalist interests which crystallize around a particular function in the process of capital accumulation.

Functions in this process give rise to common orientations, interest definitions, and collective experiences providing ingredients for a coalition of interests and a concept of control aspiring for comprehensiveness. 'In the continuous attempt (owing to competition) of individual capitals to make their particular interests appear as general interests at the level of the state', writes Hickel (1975: 151), 'resides the actual relevance of bourgeois fractioning.'

These functions are associated with distinct circuits of capital: circulation of money, circulation of commodities, exchange of money against labour in production. Closest to 'total capital' is *money capital*, which in its totality represents the total quantity of commodities, and which is at the same time the most general and abstract form of capital. *Productive capital*, even as an abstraction, always refers to tangible 'factors': human labour, raw materials, means of production. Bankers and industrialists, politicians and 'organic intellectuals' of the capitalist class, meet in a wide range of settings, from corporate boards of directors, private consultative and planning bodies, state and quasi-state institutions, to whatever informal channels are available (Fennema 1982, Gill 1990; see also Burch 1980). But the coherence of their eventual consensus derives its cogency from representing a particular, timely articulation of the general money capital perspective with a concrete deployment of productive capital.

The capacity of the resulting concepts of control to become

comprehensive, that is, to be effectively applied as a policy expressing the general interest by governments or international institutions, is based on its objective comprehensiveness (i.e. coverage of labour process, circulation relations, profit distribution, and state and international power relations); and on the particular balance between the 'systemic' requirements of capital accumulation and its concrete, momentary needs. The former tend to reflect the money capital perspective (economic liberalism), and will be most easily and eagerly propounded by those familiar to it by trade or tradition; the latter will tend to the productive capital viewpoint, reflecting the particularities of non-market, non-value aspects of the productive process and its immediate social setting (cf. Jessop 1983).

If money capital represents the closest approximation of the general capitalist interest, so the functionaries of money capital (merchant and investment bankers, notably) tend to have a view of the world that is broadest within the limits of the capitalist world view, and at the same time most strictly confined to those limits. Their view is, to quote Polanyi

The principle of economic liberalism, aiming at the establishment of the self-regulating market, relying on the support of the trading classes, and using largely *laissez-faire* and free trade as its methods.

(Polanyi 1957: 132)

On the opposite side of the spectrum we find the principle of social protection, 'aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its methods' (ibid.).

Concrete historical fractions will often be capable of capitalizing on a shift towards a particular concept, a redefinition of the general interest that is a recurrent feature of the political business cycle. Hegemony however is not simply prevailing through the application of power, but rather a qualitative coincidence between the particular concept it represents and the 'systemic' context in which it arises. Usually those groups assert themselves whose specific group interests at a given juncture most closely correspond with the objective state of capital accumulation and class struggle then prevailing (cf. Gossweiler 1975: 56; also Van der Pijl 1984: 33–4).¹ The notion of 'concepts of