

# Shifting Conjunctions

## *Politics and knowledge in the globalization debate*

### Introduction

Instead of a new James Bond around the turn of the year or at the start of the summer we now have The Lord of the Rings and Harry Potter, billion dollar spectacles that are clearly crowding out that good old icon of the Cold War and Western modernity. The new mass fascinations are of an altogether different kind. They displace Western publics to mystical times/places and tap into old European mythologies of good and evil as a perpetual moral struggle right within our own landscapes. The secret weapons are magical and no longer top-technological. Modern civilization is represented as a disease rather than a therapy. The actual production of these media events, though, is based on the latest digital technologies that have been developed in the most advanced computer games such as Civilization and the war simulations designed as scenarios for the Pentagon (Poblocki 2002). These popular games helped to spread Western supremacy feelings and a clash of civilizations awareness well before Huntington's book became a best seller and long before American

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conservatives took the chance given them by the Islamist attacks on the WTC and the Pentagon to deliver a miscalculated push to the glide to overt Empire. The ideological world-blocs that vied for the imaginary prize of modernity in the age of Bond have been substituted by categorical values, beliefs, quests and loyalties buried deeply in the magical roots of culture. Strong genealogies of blood are faced with stark and existential choices. Our imaginary pasts are becoming the future now.

The fall of the Berlin Wall in 1989 had given the decisive boost to the accumulating forces of Western liberal capitalism to become expressed as a new paradigm for global governance. It allowed the agents behind these forces the necessary self-awareness, embodied in a relatively new term: globalization. The idea of globalization was in first instance an '*emic*' notion, cobbled up during the swirling processes of accelerating and comprehensive social change in the eighties and nineties. It was meant to signify the advent of a new epoch of borderless exchanges among a mankind that was supposedly unifying and expectant of common prosperity, democracy and civil society on a world scale. 'The Third Wave' of democratization (Huntington 1993) was flushing away a whole series of totalitarian and authoritarian regimes; and information, goods and capital (not people) started to flow freely across borders that increasingly became just juridical. This was a cosmopolitan project no longer contained in the modern cage of the developmentalist nation-state, nor apparently dependent on such erstwhile fetish-variables as homegrown industrialization and technology. Global connectivity became the key. The national state was declared obsolete; to some extent even the state-nation.

This article discusses the various currents and critiques of recent globalization theory as it reflected and helped to produce a chain of world historical events since the end of the Cold War. It argues that globalization theories were *emic* as well as *etic* tools for the making of political positions and alliances to guide political agency in the One World created by the collapse of really existing socialism. In the years after 1989 globalization theories became the vehicle to express an emergent coalition between neo-liberals/market liberals and political liberals. The liberal alliance claimed the cumulative convergence of the projects of market-making, democracy-making, the strengthening of civil society and the provision of prosperity for many into one mutually reinforcing set of forces. This set of forces, globalization, was held to be unifying the world under a liberal aegis. It also expressed the translation of such theories into paradigms for global governance – such as the Washington Consensus (section 1).

From the mid-nineties onwards, however, political liberals started to claim more ground *vis à vis* neo-liberalism. They expressed this growing independence in institutionalist critiques of market led development and liberal truisms in general, such as the supposed fact of a global economy, the decline of the nation-state and welfare state, the accelerated spread of cosmopolitanism, and the perceived virtuous link between the liberalization of markets and civil society. Their ascendancy reflected deepening material inequalities within all states and between the West/North and the rest of the world as a consequence of marketization. It also responded to the unexpected rise of national, ethnic and religious parochialisms in the course of the nineties. Institutionalists transformed the globalization debate by shifting attention to questions of power, history, place and agency, and introducing concepts such as hybridity and sequencing (section 2). They also reopened the debate on globalization and world inequality (section 3). Their reinforced positions in organizations like the World Bank and the growing support they received from center left parties and governments in the second half of the nineties led to pertinent questioning of received paradigms of global governance and to new policy proposals, including the proclamation of the Millennium Goals of the UN, debt reduction for the poorest countries and the revision of the objectives of the IMF and the World Bank. Intellectual dissent and popular criticism radicalized further after 1997 as labor movements, embattled poor country governments, peasant organizations, environmentalists, indigenous movements and associated NGO's joined in the emergent anti-globalist or Global Justice Movement – underlining the continued validity of Karl Polanyi's 'double movement' of market-making from above and popular self-protection from below. After 2000, in the wake of a series of financial crises and the unfolding deadly embrace of American neo-conservatives and Arab Islamists, their concerns with corporate globalization crystallized into a new wave of theories of empire and imperialism. The aim of this article is to show in broad outline the shifting temporal and political contexts of the debate about globalization and discuss in some detail the interdisciplinary discussion of key questions, concepts and evidence. The article interrogates competing hypotheses and explores their empirical bases in available evidence.

The author does not pose as an entirely neutral discussant. Considering the soundness of argumentation and the empirical evidence, I feel compelled to take a position not unlike Polanyi in arguing that globalization in its current forms should above all be seen as a political project of technocratically imposed marketization. This non-democratic imposition of markets from above is at the same time generating local, national and regional forms of popular claim

making *vis à vis* states and elites; some enlightened, some less so. In the process a transnational class is emerging that is the prime benefactor of its outcomes while it becomes nested in and associated with an equally emergent transnational state structure closely intertwined with core financial and corporate interests – empire. This emergent transnational and still provisional state structure serves to force local states and elites into a largely self-interested and consensual compliance with the logics of finance capital and its accumulation imperatives. I identify three systematic outcomes of this process: the ongoing proletarianization of the world population, including the accelerated transformation of the peasantry into informal and mobile labor; the gradual delegitimation of the post-welfare and post-developmental state, as also argued by authors such as Friedman (2003) and Wallerstein (2003) – I claim that state collapse in the weakest zones is just the tip of the iceberg of this more general and systemic process; and the ‘indigenization’, ethnification and parochialization of post-citizens as a response to the formation of transnational classes and the neo-liberal global empire-state (also Friedman 2003).

Indeed, against Western Enlightenment mythologies about the unity and logical simultaneity of markets, democracy, and cosmopolitan civil society, the actual and definitional struggles of globalization during the nineties made it minimally clear that instead of a smooth confluence of these ‘goods’, there was inherent friction and contradiction, and hence, predictably, social and political struggle. Moreover, in reifying, anonymizing and pluralizing ‘the markets’, glorifying the potential role of an active civil society beyond proportions, and predicting the ultimate demise of the state, globalization theory committed precisely the errors that Marx and the Western critical tradition in general (including much of the historical and comparative social sciences) had unmasked as the blind spots of liberal theory: the emergence of a small set of highly concentrated capitalist actors from among an initial wider pool of owners; the maintenance of hegemonies in the interest of such organized capitalist actors through the public sphere of civil society; and the amalgamation of concentrated economic power with state power in the core states of the system, acting to orchestrate the behavior of weaker ones and then underwriting their authority over their subjects through clientelism, vassalage, dependency or colonialism, using war as the necessary extension of diplomacy. The critical tradition claimed that ‘the market’, democracy and civil society had always coincided with, and had been predicated on, centralized coercion,

concentrated ownership, and war-making on behalf of the usurpers.<sup>1</sup> Instead of liberal utopia, it exposed domination, expropriation, exploitation, alienation, market fetishism and also, inevitably, popular protest. As we will see, the developments of the nineties have been a high-speed rehearsal of this dialectic.

All of this should not have surprised anybody only slightly familiar with the turbulent and bloody history of the unfolding West itself. As capital, modern state power, civil society and democracy were unleashed since the Age of Revolutions, not equilibrium but turbulence, struggle, inter-elite and inter-imperialist rivalries as well as mass political action have determined history. But globalization theory arrived precisely at the moment that liberalism had seen its finest hour in the downfall of Communism. Both liberal democrats and free market capitalists were celebrating their apparent world victory. Their consensus, full of tensions, and in the course of the late nineties increasingly decried as hegemony by a growing movement of dissenters, led to almost millennial visions of the future and had declared history as just that, times passed by (Fukuyama 1993).

This author, then, believes that the globalization discourse hides its own pre-conditions from view: the emergence of a transnational Western state structure on behalf of finance capital and the large corporations. I also believe that territory and space have become more important rather than less (in contrast to Hoogvelt 1997; Robinson 2002), even though the explanation of regional trajectories must now be located more robustly in the interaction between local and global structures than in any intra-territorial properties *per se*. Finally, I hold that the globalization phenomenon and all that it hides as well as exposes is leading to a new agenda in the social sciences: one in its basic dynamics less descriptive and geared to local detail than was the case under the sign of postmodernism in the eighties and early nineties – though respecting some of its advances – and one more oriented toward common interdisciplinary programs with a limited range of core questions and concepts – about state formations, class formations, mobilizations, claim making, and associated cultural processes. These questions and concepts, thus, will no longer be derived primarily from local or national contexts, and will be more theory driven, comparative, and in search of explanations of divergent spatial and temporal outcomes of universal process.

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1 The work of Charles Tilly as a whole can stand as a reminder and example, most programmatically perhaps still Tilly, 1985.



## Moments of the Liberal Alliance

The notion of globalization is a complex multi-layered concept. It has in fact served three cognitive goals at once. It was at the same time an emic idea, a scientific term and a political program. At bottom it does not claim more than that people and places in the world have become and are becoming ever more extensively and densely connected with each other so that what happens at place A has unforeseen repercussions in place Z. Seen in this way it is also nothing particularly new. Globalization thus refers to an evolutionary process of what David Harvey has called 'time/space compression', the progressive increase in human capacities to annihilate space by reducing the time needed to cross it (Harvey 1989). This is the core of the folk, scientific and political referents alike. Every next stage of conceptual specification, however, is contested. Is it good? For whom? Who or what drives it? And what is the valid evidence for answers to these questions? On this level, science and politics are blurred, as they inevitably are when they reflect upon and act within contemporary social change. How to isolate them?

Two considerations guide the next steps. First an observation from the sociology of knowledge: the globalization concept was hardly used before 1990, became a veritable fad in the course of the decade, and ultimately gave rise to what David Held has justifiably called 'the great globalization debate', which continues and will in its outgrowths probably mark the first decade of the third millennium. This suggests that even though the term does refer to a long-run evolutionary process, it is precisely the acceleration of that process in or around the 1990s that forced it (anew?) onto our minds. Second: subsequent research has demonstrated that globalization as a long-term process, whether originating in ideological and religious forces (Robertson 1992), in human evolution itself (the *oeuvre* of William McNeill or Norbert Elias), in the dynamics of the capitalist world system (Wallerstein 1974, 1980; Arrighi 1994), or in all three together (Held et al. 1999), is not linear but comes in waves and spirals, producing 'discontinuous change', epochal transformation or qualitative shifts rather than merely continuous and quantitative trends. It is a story of epochs and periods, not just of time passing by. What characterizes our epoch? Which forces drive our period?

But note this: while globalization theory could only emerge triumphant in response to the collapse of the socialist world between 1988 and 1992, a series of interrelated world events since 1997 might be suggesting that we are gliding into a new period now (though probably not a new epoch). This shift, by creating difference if not contrast, facilitates hindsight. Here is a selection of the

events, presented in a relaxed chronological order: the Mexican, East Asian, Russian and Argentine financial crises; the bursting of the bubble on the stock-markets and the decline of the pension and mutual funds that drove the bull market; the unmasking of the new economy hype and its optimistic assertion that eternal productivity growth without inflation had become possible; the large scale discovery of fraud and self-enrichment on the part of capitalists and auditing institutions; the sudden and severe economic slowdown in the OECD countries, the extreme lowering of real interest rates on the dollar, the yen and the euro; the upsurge of protectionism in the us; the us move toward militarism and unilateralism in response to (and, arguably, preceding) the Islamist attacks, partly prepared by the remarkable spread of 'culture talk' (Stolcke 1995) in the West since the mid-nineties and in its turn powerfully feeding into it and making it merge imperceptibly with more bellicose 'clash of civilizations' rhetoric. Whatever they exactly signify, there can be little doubt about the overall direction: we are moving out of a liberal phase and into a less optimistic and more fearsome conservative period in economic, political, military and cultural aspects. Might this shift have been booked in advance? Was it a predictable turn inwards after the collapse in practice of the liberal myths?

The recent shifts help us to see that much of globalization theory until at least the mid-nineties was extremely time-bound in its hope and presumptions. In retrospect, its claims were clearly overstated, enthralled as their authors were by the liberal politics and prospects of the day. Globalization theory was indeed the platform of a coalition of forces consisting of neo-liberal free-market proponents on the one hand and liberal civil society advocates on the other (see Kalb 2000). The fall of the wall in 1989 had occasioned the unification and celebration of these two world-historical projects, which in their specific linkages were driven first of all by the us political agenda: the Helsinki process of human rights advocacy and the monetarist *cum* liberalizing reform of national political economies. They now became embodied in the Washington Consensus, succinctly formulated by John Williamson in 1990 (Williamson 1990, 1992), and in the cosmopolitan humanitarianism of the UN, the International Criminal Court, and the international NGO world.

Liberals and neo-liberals joined their forces in the aftermath of the fall of the wall in an effort to shape the contours of George Bush senior's 'New World Order'. This was a genuine globalizing alliance, reflecting the belief that liberal capitalism was now 'the only game in town'. It revitalized the old enlightenment hope of the *doux commerce* by claiming that: 1) if commodities are freely exchanged between people and places, 2) actors everywhere will discover their self-interests as producers and consumers and will let these interests prevail

over collective passions and hot politics, 3) they will then form into modern 'independent' and productive 'middle classes', 4) who will demand civil rights and vote against inefficiencies and insider interests, 5) which will foster trade, prosperity, freedom and growth, and will further deepen global interdependence among mankind (see Kalb 2000, 2002). Liberal globalization theory basically generalized this virtuous circle over world space (and world history). It explained why globalization was good and claimed that it was there for everyone to gain from.

Both liberal streams also argued that globalization was a causal, anonymous, and more or less irresistible force. Time/space compression set the whole virtuous circle in motion, as a consequence of which space was further annihilated. Markets as well as human morality had now outgrown the cage of the national state and the state nation, as proven by the collapse of the socialist world. We had finally arrived on the threshold of a free world civilization and we were on our way to an era of cosmopolitan rule. Arrangements for transnational governance now had to be put in place in order to guide the process further. Globalization, thus conceived, constituted a veritable new grand narrative which superseded the grand narratives of modernity (liberalism, socialism, corporatism), based as they were in the nineteenth and twentieth century struggles for the social constitution of the national state in a capitalist world. It became the new grand narrative precisely a decade after the grand narratives of modernity had been declared dead by postmodern philosophers. Globalization theory was (neo-)liberalism writ large, pushed from its Anglo-Saxon homeland onto planetary dimensions (Kalb 2000). We could have safely predicted, therefore, that socialist, corporatist, imperialist and regionalist alternatives, some of them framed through nationalism or religion, would be explicitly put forward in the near future; by now they are demonstrably emerging.

Globalists would point to an expanding array of multilateral institutions that undergird cosmopolitan governance, from the IMF, the World Bank, the GATT and later the WTO in the economic domain, to UNHCR, the International Criminal Court, the High Commissioner for Human Rights, the OSCE and other organizations in the sphere of international law and human rights. All of them gained in media exposure and responsibility during the nineties. Globalists would also enlist international cooperation such as in the G8 meetings, NATO, NAFTA, EU, APEC, ASEAN and other regional forums as efforts to elevate political and juridical coordination above the level of the national state. In addition, globalists would show that below the top level of world politics there had emerged a dense network of professional coordination, such as on drugs,



technical standardization, health, telecommunications, fishing, tourism, aviation, banking supervision, atomic energy, insurance, accounting etc. As a consequence, while in the middle of the nineteenth century there were just two or three interstate conferences per year, there were more than 4000 per annum by the end of the nineties (Held & McGrew 2002: 19). In the early twentieth century there had been 37 International Governmental Organizations. In 2000 there were 6743 of them (Ibid.).

Political liberals, moreover, would proudly point to the rapid growth of a global civil society of NGO's that specialized in advocacy on environmental, humanitarian, juridical, social, and gender issues which sometimes successfully mobilized to help change global or national arrangements, such as in the case of the International Campaign to Ban Landmines, the Greenpeace actions against Shell, Human Rights Watch, Amnesty International, Transparency International, Medecins Sans Frontieres, and recently Jubilee 2000, which succeeded in finally putting debt relief for the poorest countries on the agenda of the G8 and the World Bank. These examples showed that civil society action had the capacity to actually intervene in global high politics and behind-the-doors expert negotiation, even to the point of forcing them to create the permanent World Bank Inspection Panel (see for example O'Brien et al. 2000; Khagram 2002, 2004; Smith 2002). It demonstrated that cosmopolitan governance was real and capable of democratizing itself. Their actions also forced formal institutions to open up their proceedings and prove that they were actually accountable to the world society of citizens. By 2000 there were more than 47,000 International NGO's (Held & MacGrew 2002: 18). Global consciousness, the awareness of mutual interdependency between human beings worldwide, described by Giddens (1995), Falk (2000), Held (1995), Kaldor (2003) and others as a driving force as well as an index of cultural globalization, was best proven by this dense web of global civil society actors, especially those in the fields of human rights, feminism, and the environment.

There is a group of more social democratic authors, such as Castells (1986, 1996), Reich (1991) and Sassen (1991, 1998) who helped to partly strengthen and partly weaken the case for globalism. Their work comes out of a 1980's engagement with the social consequences of de-industrialization in the West and it keeps highlighting the tendencies toward social and territorial exclusion generated by the globalizing economy. But at the same time it supports the globalist claim that there has indeed been a market and technology driven transition from a space of places to a space of flows occurring in the course of the eighties and nineties. Location mattered ever less, they claimed, and

insertion within global networks ever more. Reich, Castells and others had argued that national economies were now largely fictitious and that the fate of social groups and territorial spaces had come to depend on their marketable skills and their consequent insertion in or exclusion from global networks of production and exchange. In the process, multinational corporations had transformed into transnational corporations, selecting their spaces for production and marketing on the basis of global criteria of productivity, added value, and purchasing power. Economic power and political power was now substantially de-linked, it was implied. They also made a point of arguing that corporate monopolies had lost their durability. This was both a threat to established insiders, first of all male blue collar workers in the core countries, as well as an opportunity for outsiders, especially women in both the North and the South. The message was that the global market had become a surprisingly open and dynamic terrain, accessible for all those who had acquired the necessary marketable skills, from software developers in Bombay and Ireland, to metal workers in Sao Paolo and Seoul, to women workers in Chengzen, Monterrey or Manila. Education and market supportive policies could often be trusted to help prevent unfortunate exclusions.

Globalists also pointed out that foreign trade had been growing much faster than world output since the seventies. More importantly even, foreign direct investment had increased hugely since the early eighties and was accelerating during the nineties (up to 1997). Portfolio investments, short term lending and foreign exchange had multiplied and were reaching historically unprecedented levels. An enormous pool of excess capital was available, partly produced by transnational enterprises, partly by pension funds, mutual funds and insurance corporations, and partly the result of new financial instruments such as hedge funds and derivatives. Via the surging stock-markets in global cities such as London, New York, Tokio, Paris, and Frankfurt (Sassen 1990), and through their regional linkages in the emerging market economies which all opened bourses in this decade, these mobile funds were recycled in search of quick valuation. Such valuation was often found in rapidly growing export zones in Southeast Asia, China, Mexico, Brazil or Central Europe. Part of it was invested in the privatized industries and utilities of de-regulating states in the core as well as the periphery, which in the first years facilitated new investments by these enterprises on a scale impossible for debt-bound states to achieve. Another part flew into state bonds issued by countries that commanded confidence among the financial elite, again both in the core and the periphery.

The message implied by such figures was that access to the global markets was becoming increasingly democratized and popularized to a degree never

seen before. Capital now appeared to be working for us all, albeit perhaps less so for the insiders of old (globalists were often not particularly moved by the 'farewell to the working class'). This enabled the territories of what was once called the Third World access to earnings from export led industrialization and not just from commodities exports (tea, coffee, rubber etc.). And not only through labor intensive manufactures in textiles, shoemaking or apparel: South Korea featured the amazing examples of conglomerates such as Daewoo, which jumpstarted itself into the middle to high technologies of car and electronic manufacturing; or Hyundai, which was transformed in less than a decade from a toolmaker into a corporation putting out everything from elevators to laptops. In combination with rising incomes and investment in infrastructure facilitated by the World Bank, IMF and private lenders, these demonstrable trends were lifting up whole territories into the select club of the elite economies of the globe. 'By the late ninety nineties,' write Held and MacGrew, basing themselves on UNDP data, 'almost 50 percent of total world manufacturing jobs were located in developing economies, while over 60 per cent of developing country exports to the industrialized world were manufactured goods, a twelve-fold increase in less than four decades' (Held & McGrew 2002: 52).

Early globalization theory was about the hopeful convergence of democracy, civil society and open markets (everything communism was not) into a stable precondition for world civilization and cosmopolitan rule. It was a political platform that allowed free-market liberals and political liberals to sustain a coalition of forces that helped to shape an entire epoch of world history in the immediate aftermath of the fall of Socialism. That platform was enchanted by the promise of a final liberal equilibrium that would be beneficial for all at the closing years of the short and atrocious twentieth century.

But the closing decade itself would be far from stable. This was to a considerable extent produced by the liberal paradigm for global governance itself, as it interacted with, and confronted, prior social and territorial structures and set about transforming the bases of livelihood for the whole world population. As a consequence, from the mid nineties onwards, political liberals and market liberals started to part ways. The continued emphasis of Castells, Sassen, Reich and others on social and territorial inequalities had been a constant critical undercurrent (see below for more substantial treatment). But from 1996 onwards, The World Development Reports of the World Bank began signaling explicitly that markets were not enough to build institutions and functioning civil societies and began to care about the condition and maintenance of the state in the globalizing world (World Bank 1997). At the end of the decade, in an atmosphere of open disagreements among researchers and directors (Wade

2001), World Bank reports described large-scale poverty and endemic corruption (World Bank 2000). Political liberals and 'new institutionalists' began to demand increased investments in 'good governance', civil society, education and health, while downplaying the wisdom of the classical conditionalities of the Washington Consensus such as privatization, stabilization and liberalization (for example Stiglitz 2003). 'Sequencing' became a key policy concept, aiming to slow down the onslaught of marketization on transitional societies. Analytically it announced serious doubts about the purported links in the chain connecting economic liberalization, democracy, growth and equity (see also ILO 2004). Globalization theorists like Beck (1997) and Held (1995) began differentiating the concept of globalization (a good thing: read global civil society) from globalism (a bad thing: the globalization of capital and markets). Benjamin Barber (1996) and others explained that the McWorld of globalizing capital threatened to produce Jihads based on religion and absolute values everywhere if the protection and promotion of civil society was neglected as it was. Michael Hardt (1995) concluded unambiguously that the expansion of the operating sphere of capital had produced nothing less than a 'post-civil society'.

There was no way about it. The outcomes of transition in post-socialist societies, arguably the test case of the globalist paradigm, were everywhere unsatisfactory and often squarely criminal, above all in Russia itself. The catastrophes in Bosnia and Rwanda had not been prevented by humanist cosmopolitanism, while new ones were simultaneously being inaugurated in the Congo and East Timor. The increasingly visible polarization of rich and poor within countries and among countries (see below) and the apparently unstoppable degradation of public goods from education to the environment, in particular in the post socialist world and Africa, were in blatant contrast with the liquidity and exuberant wealth of local comprador bourgeoisies, private enterprise managers and the transnational class, both in the North and the South.

Political liberals gradually became impatient with their free-market and capitalist partners in the globalist alliance. European Third Way social democrats had superseded conservative governments from the mid-nineties onward, and their intellectual *avant gardes* were now pressing for more civil society in the deal with free market liberalism, just as the Clintons were doing in the US. But the concept of civil society was too malleable, too woolly, and in its practice perhaps too elitist to give much guidance in analysis and action, as noticeable in for instance Giddens' political writings (1995, 1998, 1999). Its intellectual history, or better that part of it that was actually appropriated, was too solidly rooted in liberalism and tainted with pre-1848 beliefs in the happy confluence

of markets and democracy on behalf of popular emancipation.<sup>2</sup> Third Way intellectuals never fully succeeded in severing the supposedly virtuous association between markets and civil society. But even so, both intellectual and social dissent against, as well as demonstrable material refutation of the predictions of the virtuous circle of globalism, was clearly getting off the ground after the mid-nineties.

## Skeptics and Realists

The critique was built out and substantiated by political economy and social policy researchers on the one hand and anthropologists on the other, fuelling the debate with issues of history, space, institutions, power and difference. This was happening against a background of deepening intellectual and political contention. The first French protest wave against neo-liberal reforms in the mid-nineties triggered a radicalization of the cultural sociology of Pierre Bourdieu and associates in France and elsewhere, which gave a strong impetus to the antiglobalist journal *par excellence*, *Le Monde Diplomatique*. These Parisian circles sought collaboration with Latin American activists and laid some of the intellectual groundwork for the later World Social Forum and the anti-globalist movement (or Global Justice Movement), which was ‘suddenly’ to emerge in 1999 (Fisher and Ponniah, 2003; Sen et. al., 2004). There was also a remarkable surge of attention for the work of the Austrian émigré historical political scientist, Karl Polanyi, among others by the conservative and well exposed philosopher John Gray (1998) in London as well as by some authors on the Left, including Giovanni Arrighi (1994), whose impressive work of the early nineties, linking Braudel, Wallerstein and Polanyi in new and seminal ways, prefigured key themes in turn-of-the-millennium debates. In some circles it was increasingly recognized that globalization might well be, first of all, an epochal imposition of markets by centralized transnational institutions dominated by the core capitalist economies, just as Polanyi had described for the nineteenth and early twentieth century world system under British auspices. In this context of wider emergent political and intellectual contention (see below), the new ‘reformist’ body of academic literature advanced two key routes for critique on globalist liberalism, both of them embodying institutional perspectives; the former of a more structuralist variety and the latter more

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2 See for pre 1848 political languages: Bill Sewell, 1980.



actor-centered. The first was packed in the concept of ‘path dependency’, the second in notions of ‘hybridity’ and, somewhat later on, ‘place-making’.

Structuralist institutionalists were skeptical about the actual emergence of an open global space in which incessant flows would lead to an equalization of ‘factor costs’, *Gleichschaltung* of local/national institutional designs and global integration. Hirst and Thompson (1996, 2000) for example demonstrated that Castells’ space of flows was with respect to actual trade in goods still less internationalized than the Britain based economy of the late nineteenth century. The ‘real’ economy, in their account, was regionalizing rather than globalizing, giving rise to three regional clusters of national economies: the Triad of the EU, US/Nafta, and Japan/China/APEC (see also Mittelman 2000). They showed with a wealth of material that roughly two thirds of all transactions remained within these regional clusters. Such internal transactions were ‘embedded’ (Polanyi) in a texture of local institutions in labor markets, education, law, networks of trust and familiarity etcetera, all of them ultimately anchored in a more or less public institutional heritage guaranteed, maintained and adjusted by states, bureaucracies, and their policy networks in civil society. It followed that real economic growth as distinct from the nominal growth in the virtual economy of stock-markets did not first of all depend on the freeing of flows in global space but rather on the maintenance of production cultures on the ground. Such production cultures came in various genres, among others East Asian development states, European continental welfare states, and Anglo-Saxon liberal and stock-market based regimes. It made no sense to impose one version as the only rational one (Dore 2000). Similarly the work of Amsden (1992, 2003), Weiss (1998, 2003), Wade (2004) and other historical institutionalists on East Asian states underlined the centrality of state action in preparing economies for successful export performance. East Asia, thus, squarely denied the path to export earnings recommended by the globalists. Not shock-therapeutic opening, but patient and carefully managed integration was the lesson. In general, the Hirst and Thompson argument was strongly supported by a wider upsurge of interest in economic sociology and institutional and social economics, much of it recapturing the old Polanyian insight of embeddedness as well as the related notions of networks and trust (for recent overviews see Smelser & Swedberg 1995; Swedberg 2003; Guillen 2002).

One crucial innovation should be emphasized. Hirst, Thompson and other skeptics switched the attention away from the supposed bipolarity of global flows versus (obsolete) nation states and towards the regional clusters of states that actually served to localize and process the overwhelming majority of such flows (See also Kalb 2000). This at once took the sting out of the globalist

argument for two reasons. First, states immediately lost the malign status of the enemy. On the contrary, state structures became the actual guarantors of cultures of work and consumption as well as the organizers of successful international integration (see also Milward 1999). Secondly, it silently incorporated the economies just over the border of the old core economies of the US, Japan and the European heartland into its vision of the new core, which resulted in a dramatically different estimation of the spatial spread of the 'global' economy.

Indeed, this conceptual innovation immediately exposed a major weakness in the globalist argument: export led manufacturing in LDC's only really took off in a very select number of them, mainly situated close to the backdoor of the core economies, such as in Northern Mexican states; in South Korea, Taiwan, Thailand and Malaysia, all of them closely linked with Japan and the capitalist *entrepôts* of Hong Kong and Singapore; in the Czech Republic or along the highway that connects Budapest with Vienna, just over the border of the 'Schengen' area. The rest of the less developed world remained largely excluded from Foreign Direct Investment outside the sectors with low added value (commodities - coffee, palm oil, etc.- and minerals), even more so than used to be the case under classical capitalist imperialism (Hoogvelt 2001). Instead of singing their praise, Hirst and Thompson and others showed that international markets did not work nearly well enough. The cause: market failure through a lack of public interventionism, institution building, international and internal redistribution, and active state involvement in general. The consequence: exclusion of large spaces and populations from the markets of the North and West. The skeptics thus successfully put the globalist argument on its head. Market failure, the classical point of what Keynes had called the 'underground tradition' in economics, was their main tool (see for instance Baker, Epstein & Pollin 1999).

While market-failure arguments showed why whole tracts and populations remained excluded from the potential gains of integration in the circulatory networks of the advanced economies, global commodity chain analysis (or value chain analysis) explained why producers in LDC's that were actually integrated were being pauperized nevertheless. These analysts (for example Gereffi et al. 1994; Haugerud et al. 2000; Kaplinsky 2000, 2002) countered the trickle down assumption of global marketization by pointing out that markets were not anonymous hidden hands but rather structured relations of power between nodes in a network in which the weak found it practically impossible to improve their relative positions *vis a vis* the strong. While design, research and development, and marketing functions remained controlled by the North,

Southern producers found it very hard to move upwards in the chain of added value and seemed to be condemned to low barrier/low skill/low value added activities. This was not only the case in simple commodity productions but also in manufacturing and large FDI layouts. The accelerating integration of China and South Asia in Northern networks since the mid-eighties had enormously expanded the supply of unskilled and medium skilled workers. This was resulting in an intensifying downward pressure on income among workers and firms in global commodity chains in sub-Saharan Africa and parts of Latin America, as well as in increased feminization of labor forces (on gender see Mills 2003). Rather than marketization *per se*, it turned out to be positionality and relations between nodes within the chain as well as the class relations and path-dependence of regional production systems within the world economy that seemed to determine social and economic outcomes.

Marketization now appeared in a rather different light: instead of spreading the fruits of integration via trickle down, it seemed to shortcut upward trajectories by continuously enlarging the reserve army of labor. Marketization turned out to be a force for monopolistic control rather than economic growth or democratic participation. It apparently allowed capitalists to structurally depress incomes in manufacturing, as in the maquiadoras of Tijuana (see FT, 1-7-03); or crowd out commodity producers at the vulnerable down sides of the world market, such as coffee growers in Brazil and Colombia who have been hit by the growth of production in Vietnam. Commodity chain analysts implied that only collective action and public intervention would help producers to move upward into higher value added productions, prevent gender and generational exploitation, and alleviate recurrent marginalization in and through markets; a classic Labor argument.

Similar emphasis on the relevance of path dependence and public choice was produced by policy and poverty research in the North and West. In her work on global cities in the core, Saskia Sassen had maintained that the transition from industrial welfare states to neo-liberal urban economies based on service sector growth was generating a new social polarization in big Northern cities (Sassen 1990; 1998). This was no longer a classical class divide rooted in property and production between owners and workers but a much more desperate one between isolated groups in sharply segregated labor markets: the high wage, highly educated, 'white' and formal job-holders in the producer-services sector (finance, real estate, insurance, high tech) on the one hand, and insecure, informalized, 'colored' and lowly skilled workers in the consumer services. Both thrived on a deepening postindustrialism, but the first gained ever better salaries and conditions without any apparent collective

bargaining while the second was crowding itself out under conditions of intensifying immigration, attacks on unions, and retrenchment of public services. An insulated bourgeoisie and a self-exploiting lumpenproletariat with little in between, this was Sassen's prediction for metropolitan areas in the North (see for an early statement, Castells 1986).

An avalanche of urban and regional research that really took off by the mid-nineties now showed that this was not universally the case. Institutions, public and private, largely explained the differences. First, different regional paths and regimes of industrialization responded differently to the post-fordist/postindustrial transition. The more skill intensive regimes in for example Germany or Japan were capable of moving into higher added value while constantly re-educating their workers (for example Dore, 2000). Mass production sites typical of liberal regimes in the UK or the US industrial heartland gave way to disinvestments, de-industrialization and communal degradation. A take off in high-tech was also shown to be dependent on government policy and nearby manufacturing capacities and not just on the adjacency of a top university, an airport and abundant venture capital, as claimed by the globalists (Saxenian 1996).

Second, social outcomes were significantly mediated by prior social policy structures which were all but overlooked in the original Sassen thesis. Comprehensive welfare states had a much better record in this respect than more liberal ones and the social dumping predicted by Sassen turned out to be a special case rather than a universal one. The most effective European welfare states had succeeded in preventing the rise of the working poor by keeping up collective labor standards while simultaneously finding various solutions for the trade-off with unemployment. Esping Andersen's work (1999, 2002) emphasized that 'Third Way' social democrats in Sweden, Denmark, Finland, the Netherlands and Austria had discovered how to mobilize public policy structures to generate job machines, refuse social dumping, and put national budgets in order. The experience of Europe as a whole also denied the globalist argument by combining the integration of European markets with an upwards convergence of social policy standards.

Against the unilineal idea of progress inherent in the neo-liberal account, this body of research on mainly European public policy structures made a case for the continued path-dependence of outcomes of global integration. Path-dependence in this context signaled that outcomes of large scale social transition were always mediated by a prior public heritage of institutions of governance. It showed that states did matter. It also implied that earlier social struggles for rights and the balance of forces by which their outcomes had been

maintained through time had repercussions for the next rounds of social change (Kalb 2003). Prior power balances within civil societies in any given national or regional context apparently pre-selected the possible institutional responses, resistances and potential mobilizations of citizens. They also structured public preferences more than could be deduced from the globalist/individualist assumption of citizens as consumers/short-term profit maximizers. Location therefore mattered, and hence culture. The switch to social democratic regimes in a majority of EU states around 1997 seemed to indicate that Europe's heritage of public action was (re)producing outcomes that were significantly different from the largely neo-liberal ones achieved in the US and the UK (Ibid.), even though the Anglo-Saxon recipes were now being globally promoted as Washington Consensus orthodoxy in the post-Cold War era.

While institutionalists in political economy and public policy studies demystified the market and stressed the path dependency of actual outcomes, anthropologists – more actor oriented – destroyed the cosmopolitan illusions about the spread of global civil consciousness and one-worldism. Globalism and global narratives were not swallowed *en bloc*, they insisted. Appadurai (1996) for example distinguished between his five disjunctive forms of flow (techno-, finance-, ideo-, media-, and ethnoscapes). Flows were not all of a piece, he implied, and the actual local import of flows depended on the combinations in which they arrived, which was far from uniform from place to place. Kalb (2002) in a same vein emphasized that much of the South and East received software rather than hardware. With public infrastructures in disarray, incomes far from sufficient and inequality rising, software without hardware left the globalist offer for all practical purposes restricted to mere ephemeral images of commodities, a fantasy world fuelling illusions of possible personal becoming rather than offering tools for practical civic empowerment. The Comaroffs (2001), as well as Verdery (1996) and Humphrey (2002), both writing on postsocialism, similarly suggested that the neoliberal market, excluding actors from production but including them in public fantasies of millennial wealth creation by abstract and obscure mechanisms, epitomized by that global miracle *par excellence* the stock markets, led to the proliferation of vernacular 'occult economies' centered on drugs, martial and spectator sports, crime, gambling, pyramid schemes and other rituals of quasi-achievement and hit-and-run success under casino-capitalism. Several authors also noted the upsurge of highly mediatized, ritualist, pay-as-you-go religions, such as pentecostalism, which focus on this-worldly pecuniary success rather than relief in the afterlife, in particular in Africa, East Asia and Latin America.



Such illusions of consumption were strongly gendered and had age specific appeals. This invited an upsurge of counter-narratives of nationalism, localism, religion and tradition (Kalb 2002), often of a male-chauvinist and paternalist persuasion. These reactive narratives helped to subsequently establish what Geschiere and Meyer (1998), following Bayart (1993), have called cultural closure; or what Zizek at an early moment and in relation to East European transition had already identified as the return of the cultural super ego (Zizek 1990). Geschiere pointed at the increasing incidence of accusations of witchcraft and manifestations of the occult in both Africa and China, as inequality and visibly uneven access to the cornucopia of global consumerism increased. Verdery (1996) and Tismaneanu (1998) described the emergent paranoid fantasies, myths, conspiracy theories, 'chosen traumas' and other populist predicaments that spread in the wake of the Soviet implosion and the Yugoslav wars, and sprang up anew in the aftermath of the East Asian crisis in places such as Indonesia and Malaysia, targeting jews, gypsies, Westerners, Albanians, and Chinese, among others, as scapegoats for dark forces that threatened the integrity and livelihood of imagined majority folk-communities. Thus, places and popular identities were becoming hamstrung between an intensifying dialectic of infinite openness and reactive and fearful closure. Instead of helping to create a cosmopolitan public sphere, neoliberal globalization tended to generate 'culture talk' (Stolke 1995), insider/outsider fights, populist paranoia, and intense struggles for 'place making' in general (Gupta & Ferguson 1997 a and b; Kalb & Tak 2004).

Culture talk, insider/outsider cleavages, and place making were additionally propelled by accelerating migration, in its turn pushed by the forces of global marketization and regime collapse (another closely associated phenomenon, see below). Discourses of culture rapidly festered, both among migrant populations and among receiving communities during the nineties. This was the case everywhere, in poor as well as in rich societies. While there were not more people on the move between countries in the 1990's than in the late nineteenth century (Staring 2000), the new migration clearly invited heightened spatial and cultural border patrols. In the nineteenth century, migrations were often headed for the United States, Latin America, the antipodes or South Africa. Sending countries were mainly Europe, India (indentured labor), and China. In the late twentieth century people were on the move everywhere; in the South they drifted toward the cities and dynamic regions such as Lagos or Sao Paulo; in China from inland regions toward the free economic zones and the maritime conurbations along the pacific coast; from West Asia to Abu Dhabi and other wealthy centers in the Middle East; in Europe from the post-

socialist countries such as Poland, Russia, the Caucasus and the Balkans, as well as from older sending countries in the Maghreb, Turkey, Lebanon, Egypt and the post-colonies to the West, now including Portugal, Spain, Italy and Greece. Students too moved in large numbers to global places of learning, primarily in the West or Australia, but also to older centers of religious/civilizational knowledge such as Cairo or Damascus. The dynamics of cultural closure embedded in the ambivalences of neo-liberal globalization got an extra push from increasing competition for access to scarce resources in land, labor, housing, education, and sometimes marriage markets. Appadurai (1996) and others suggested that longing for belonging in the global age created strong fantasies of home among diasporic groups in by definition less than friendly receiving societies. Imaginary homelands often became more radically 'traditional' than 'at home'. Some migrant groups joined transnational radical nationalist movements, which often became powerful factors in homeland politics in countries such as Pakistan, Afghanistan, India, Nigeria, Croatia, Estonia, and others. Transnationalism in general was understood as a relatively new force, facilitated by cheap communication and transport. Its complex consequences for 'home' countries included, apart from the intensification of political contention through increased diaspora activism and funding, the steeply rising importance of remittances as against development aid, diversion of funds from investment to conspicuous consumption, but also 'brain drain' (Vertovec et al. 1999, 2003). Among refugee populations and people displaced by civil war or prosecution, diaspora nationalisms often gave rise to violent dreams of purification and sacrifice, as among Hutu and Tutsi fugitives in Central Africa (Malkii 1995), Tamils in India, Europe or the us, and of course among Palestinians in the West Bank, Gaza and Lebanon.

In addition to the deep play of cultural flux and closure and the intensifying boundary patrols associated with moving and receiving populations, the globalist era featured another systemic source of anti-liberalism that originated from its very own imperatives of democratic transition. The 'third wave' of democratization was less unproblematic and self-evident than initially assumed. This became immediately clear in the unfolding drama of the breakdown of Yugoslavia. In Poland and the Soviet Union nomenclatura elites, including high party functionaries and members of the secret services, had chosen *en masse* to insert themselves in time and profitably in the emerging networks of transnational trade and finance, often by taking private control over socialist property (Volkov 2002; Los & Zybertowicz 2001, Staniszkis 1991). They traded political power for property and network gains. But in complex federations like Yugoslavia, entrenched regional elites defended themselves

against rising democratic claims by playing the nationalist card (Glenny 1996), facilitated by control over much of the media (Bowen 1996). Financial flows played an important role too. Ethno-nationalism in the eighties and nineties became a way to mobilize local populations threatened by 'structural adjustment' and IMF imposed austerity programs. Such global flows and programs helped to systematically delegitimize indebted central states *vis a vis* their popular classes. Illiberal mobilizations were intended to rally local populations behind entrenched bureaucratic and military elites in order to prolong their hold on power and give them time to regroup, monopolize strategic resources and organize their client networks around paramilitary booty and illegal trade. Here global monetarist imposition sponsored both the impulse toward democratic opening and transnational markets – by weakening the state as an accumulation vehicle for elites –, as well as, inadvertently some would say, its opposite: xenophobic closure tending toward fascism in the context of collapsing states.

One of the least discussed causes behind this path to catastrophe, thus, was an international environment that offered very little incentives to national elites to actually relax their hold on bureaucratic levers (Kalb 2002). While the 'international community' reduced Poland's national debt by half and the reformers of the Russian state were offered lavish IMF and other funds as well as ample opportunities for fraud and self-enrichment during the privatization processes (Wedel, 2001), federal elites in Yugoslavia were cornered by strict application of IMF rules and a state department that in the memorable words of James Baker III 'had no dog in this fight'. Again, place and geopolitical position mattered hugely, turning one territory into a showcase of globalist transition, while pushing the next to turn itself into a slaughterhouse. A comparable conjuncture arose in Indonesia in the wake of the East Asian crisis, the intervention of the IMF, and the partial success of the democratic movement in forcing the Suharto clan to step down. Indonesia's transition to democracy, consequently, was marked by central state paralysis and surging nationalist and religious conflicts, as regional military and bureaucratic elites began to sponsor radical ethnic and religious groups in order to usurp local power *vis a vis* the center, cause permanent emergencies and deflect popular anger toward minority scapegoats. Religious bureaucratic regimes in Pakistan and Saudi Arabia functioned according to comparable paranoid logics of rule, as did post-socialist Romania until the mid-nineties and Zimbabwe after 1999. Central Asia and the Caucasus were characterized as a whole by this illiberal syndrome. Thus, in the course of the decade it became increasingly clear that the globalist opening was throwing up its own unexpected obstacles as en-

trenched elites organized illiberal popular mobilizations playing into traumatic memories of violence and fears for national decline in a harsh neoliberal world context.

In these and similar ways structuralist and actor-oriented institutionalists destroyed both the basic assumptions and the presumed causal links in the chain of the globalist grand narrative. In a sense, path-dependence, hybridity and place-making were ingenious tools that united the most enduring elements from world systems theory ('historical systems'), political economy and postmodernism in a new emergent paradigm. This paradigm studied historically situated, dynamic and contingent, though by definition power-suffused, dialectics of local and global histories (see also Kalb 1997). In the process, the global as an overbearing and imposing structure with inevitable local outcomes was rapidly hollowed out. At the end of the decade, a Marxist social theorist and ethnographer such as Michael Burawoy would write that 'Globalization is produced through a conflictual, negotiated process within and between nodes of a global chain' (Burawoy 2001, 157), thus effectively evening out the supposed theoretical hierarchy of macro and micro. Criticizing Ferguson's work on the stifling influence of World Bank activities on popular politics in Lesotho (1994), he wrote '(globalization) is not a machine but a production process with its own politics, no less and no more than every other node in the global chain – even if its resources and organizational endowments can subjugate nodes further down the chain' (Ibid.). However, '...effects in one node reverberate down but also up the chain...the local no longer opposes but constitutes the global' (ibid.). Struggle and contingencies between differently situated actors and 'levels' were replacing globalist mechanics and teleology. Globalization became ever more often presented as a mantra rather than a natural fact of life, as an ideology that sought to mystify the contingent conditions of its own production and to obscure the always present potentialities for public choice and local action.

However, in retrospect and despite all the genuine methodological gains and key political insights, the institutionalist counter-case may have been overstated. The East Asian crisis led to a new round of severe indebtedness of nations that had featured unprecedented economic growth for a whole generation and had been the single example of how to escape Third World predicaments. It also led to forced and major devaluations of local currencies and savings accounts while opening the way for Western capital to buy up a considerable part of the family silver. Russia was 'lost' in 1998 and seemed not to 'return' into the vault of the Western parliamentary democracies. Argentina, a model student of the Consensus, would collapse soon, as would regimes in

the Andes such as Bolivia, Venezuela and Colombia. Competitive devaluation threatened continuously among East Asian exporters, inexorably propelled by economic expansion in China, in its turn based in the vast reservoir of Chinese labor that was massively reallocated from agriculture and old state industries to the global factory along the pacific coast. The new economy myth in the us was shattered by 2000. The stock-market bubble had exploded. Portfolio flows were drastically reduced worldwide and shares lost over forty percent of their value. The dollar rapidly began to fall and started to lose its crucial function of world consumer-anchor of last resort, producing economic crises and political turmoil in Europe and Asia. Interest rates on the dollar and all major currencies were brought down to record lows in order to keep investment, stock market values and consumption up. Internal disagreements at the World Bank and the IMF severely weakened the coherence of the Washington Consensus which was all but dead by 2002, leaving just 'small talk' of good governance in its wake, as well as ample space for political opportunism by their greatest donor. Contradictions of the neo-liberal global system worked themselves out ruthlessly in spite of all the talk of global governance, and had undeniable and painful consequences on the ground, notwithstanding the active presence of local institutions.

Policy research in Europe, too, had clearly exaggerated the autonomy of public policy. Europe immediately slipped into recession in the wake of the us stock market collapse and both unemployment and budget deficits began rising again (European bourses even lost considerably more of their value than Wall Street). Third Way social democrats started to lose elections and visibly lost belief in their cause. Voters were right: while gross GDP indicators showed that European governments had indeed kept up total welfare expenditures, closer inspection revealed that in many states a severe shift had taken place in the target populations of benefits, from young people to senior citizens and from outsiders to insiders (Esping Andersen 2001). Income inequalities had been on the rise in most states since the mid-eighties and had not been mended during the boom of the late nineties. The ideology of social rights, presumably central to the 'European model', was slowly reduced to window dressing, except for those who practically 'owned' their rights. Third Way social democrats had proved good administrators and governors, but failed visionaries and opportunistic politicians. The European Union project, meanwhile, was getting stuck between the partly contradictory objectives of continental market-making (expansion) and federalization (deepening of political coordination). Third Way social democrats had lost the unique opportunity of synchronized regimes in a majority of European states to break the deadlocks and create a federal



constitution with social rights enshrined, largely thanks to Blair's New Labour government. Material outcomes were rather neo-liberal after all, even though cloaked in rhetorical traditions of social cohesion – although one must readily admit that us poverty figures remained far higher than European ones, UK figures much higher than Continental ones.

## An Intermezzo on World Inequality Data

Not surprisingly, the intensifying debate between market-liberals and institutionalists in the nineties focused among others on the question of who actually gained in status and income from globalization and with how many they were. Did poverty and inequality, both within nations, between nations, and among the world population as a whole rise or decline as a consequence of globalization policies – marketization, privatization, liberalization, stabilization (fighting inflation: high interest rates and tight control of the local currency supply)? And if the rich indeed gained visibly and indubitably, did the poor share in some of their income growth? In other words, was the opening up of national markets by itself sufficient to produce spontaneous 'trickle down', as the market liberals believed, or was state intervention and increased institutional capacity necessary for outcomes that could benefit larger majorities, as the institutionalists argued?

A 'Google' internet search on the themes of globalization and inequality produces at the moment of writing 325.000 internet items that explicitly deal with the issue, a clear measure of how crucial the question had become for the legitimacy of globalizing states and transnational actors in the eyes of the wider public. It was one of the basic rallying points for the Global Justice Movement. Public concern ultimately led to the Heavily Indebted Countries Initiative, demanded by the Christian inspired Jubilee campaign, to reduce the debt burden of dozens of the poorest countries and to the formulation of the Millennium development goals by the UN, a program of fresh aid, targets and benchmarks that should help reduce world poverty until 2015.<sup>3</sup>

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3 It should be noted that the debt reduction mechanism installed after 2000 reflects current power balances between global money lenders and indebted countries: the mechanism assumes that debt payments may well amount to 10% of a country's export income. After WWII Adenauer, the German Chancellor, always and successfully reminded the Allies that debt and reparation payments of more

The World Bank played a key role in this debate, being the sole organization gathering worldwide income data independent from the national accounts. Predictably, in the course of the globalist nineties, the Bank increasingly became an arena of contention (Wade 2001a; Deacon 1997). Its Eastern Europe research unit became a catalyst of methodological innovation after new personnel from transition countries, among others the Croat Branko Milanovic (1998, 1999), started to criticize the Bank's poverty and inequality indices for the post-socialist nations – they were less sanguine about transition than the Bank. Milanovic's work became a reference point in both the expert debate on method and the public debate on inequality outcomes. His evidence demonstrated that world inequality between 1988 and 1993 had been unambiguously on the rise.

But politicization of the World Bank went further than methods of data gathering and their interpretation. By the end of the nineties new senior officers such as James Wolfensohn and George Stiglitz, both nominated by the Clinton administration, nurtured a more market-critical and pro-poor stance within the Bank. Subsequently, the World Development Report of 2000/1, chief author Ravi Kanbur, subject world poverty, signaled a slight increase in extreme poverty over the last two decades as well as an increase in inequality. The US treasury did not like the first drafts. It had already been mobilizing against Stiglitz' institutionalist influence in the Bank and now pressurized the chief author of the WDR openly so that he felt forced to resign before completion. Stiglitz left the bank too and wrote a critical and bestselling book on the misconceived policies of the Bank and in particular the IMF (Stiglitz 2003). The subsequent World Development Report of 2002 on globalization and economic growth, authored by David Dollar (sic), denied the earlier findings of increasing inequality and poverty and sought to demonstrate that trickle down did exist, in particular in those nations that had opened up their national markets and reduced internal regulations. Clearly, the World Bank, being accountable to its largest donors and in particular to the US Treasury, was far from a neutral institution, and its flagship publication not quite the objective monitor it

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than two or three percentage points of West German export income would reproduce a situation such as existed after the peace treaty of Versailles and lead to national stagnation and a populist call for revenge; a claim always accepted by the occupying powers. The Millennium goals, also, were denounced as 'unrealistic' by key actors immediately after the UN resolution was passed (with thanks to Marc Edelman for pointing this latter issue out to me).

wished to be. In spite of this, which reasonable claims can be made on the basis of existing large-scale data?<sup>4</sup> I want to make three such claims.

For one, while the World Development Reports of 2001 and 2002 contradicted each other on this score, it seems plausible to argue, as Robert Wade (2002) does, that the number of people with less than a dollar a day, or more generally the percentage of people with extremely scarce access to cash, has been declining. Why? If globalization is, as Polanyi would infer, a grand imposition of markets by core global actors, we cannot but expect a wider spread of money incomes among the world population at large. The process includes an acceleration of the transformation of the world peasantry into a class of casualized proletarian and proto-proletarian labor. The under-theorized downside of globalization, indeed, is proletarianization (see also Harvey 2003). This also implies the monetization of family relationships as women and children become more closely associated with market incomes, while being weakly protected or not at all by indebted states seeking to accumulate export earnings. As such, globalization cannot but generate a growing percentage of households and individuals that become dependent on, and become forced to have access to, cash earnings.

But it is a *non sequitur* to conclude from here that absolute poverty must be falling; nor, for that matter, that poverty is rising. What we are seeing, strictly speaking, is just increased proletarianization, participation in markets, and a deepening dependence on monetary incomes. This is so if only because of the decline of pre- or non-capitalist forms of livelihood, the associated diminution of redistribution and reciprocity within communities and families as common pools of non-cash resources decline, and because of the reduction of social rights and welfare-statism. Whether the rising cash incomes do or do not allow people access to a basket of basic necessities, including essential care given by family and friends as well as by wider formal or informal communities, we do not yet know. The answer of course is contingent upon the combination of

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4 Any detailed discussion requires a lengthy treatment of technical issues, such as the internal and external validity of statistical constructs like Purchasing Power Parities; the validity and comparability of data gathered by household surveys; the arbitrariness and inadequacy of the one-dollar-a-day line for measuring extreme poverty and other WB poverty lines for middle income countries (which are often 50-100% below national poverty lines in the relevant states); the differences between world inequality and the sum of national inequality ratio's, with or without weighting of population numbers. Such discussion can obviously not be made in this context.

scores of aspects of social relationships that cannot convincingly be represented as statistical aggregates. This is another way of saying that absolute poverty in the end is more about having no one than about having no thing and no dime (even though they are closely intertwined) and cannot therefore adequately be assessed by abstract monetary indices (see for example Mittelman, 2000). On the bare bones of survival, poverty is first of all a relational (micro) phenomenon.

This is arguably much less the case for issues of relative poverty/ social inequality. And here is the second claim and the basic piece of evidence for any inference about rising or declining world inequality in the era of globalization: it is only China (and East Asia except Japan) which has ventured to narrow the gap in incomes with the developed world over the last decades (Wade 2001b, 2002; Wilterdink & Potharst 2001). India remained stable, while populations in all other world regions, Africa, Latin America, the Middle East, Eastern Europe, West and Central Asia, declined in relation to the West, just as incomes in the West became more unequal (Wilterdink, 2000). If we do not simply compare countries' GDP per capita, but include a measure of the actual weight of countries' population in the world population as a whole, the income growth of hundreds of millions of Chinese determines the whole picture of world inequality counts.

There is a caveat. China's key role in lifting up world incomes could even have been stronger if inequality within China had not risen so dramatically since the early nineties. The incorporation of the Chinese coastal urban zones in the world economy has led to a strong increase in monetary incomes compared to rural and inland China, which was slowly drained of state-led investments and expenditures. This willed unevenness of development pulled off a more powerful process of internal migration and urbanization than the world has ever witnessed. But even so, the regional divides were not sufficient to offset the overall leveling effects of the rise of urban China on world inequality. Robert Wade (2002) concludes that all data taken together suggest that, depending on method, there is either hardly any change at all in overall world

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5 This is the case whether measured in terms of PPP-S, market exchange rates, distances between deciles/quintiles of population, or Gini-coefficients. Of course market exchange rates make the distance of incomes between developed and developing countries much bigger, compare Milanovic 1999 for example with Arrighi & Silver 2002. Market exchange rates are the only realistic numerical approximation of global class formation. Purchasing power parities are no real relation, just a statistical measure of ways and degrees of local survival.

inequality since, say, 1980, or there is a slight increase. But take out China, and there is inevitably a very substantial increase of world inequality.

Three conclusions follow from this: 1) globalization policies have different effects on economic growth and inequality in different world regions. Africa, Latin America, Eastern Europe, the Middle East and West and Central Asia have been much more negatively affected than China or India. Ergo: there are no unmediated outcomes of marketization policies. Outcomes depend on starting positions, national histories, and relations with the core, as institutionalists and world systems theorists would appreciate; 2) but where Washington Consensus-Globalism has been adopted wholesale, inequality has risen dramatically, as in the post-colonies of Africa and Latin America; 3) while the aggregate effects of globalization on world inequality data may be relatively weak, China's role suggests that the explanation must start not with attributing this overall outcome to the success of Washington Consensus style policies – as the World Bank did in its 2002 World Development Report – but with the rise of urban China.

The World Bank, in its 2002/3 report on globalization and economic growth took the easy way. Chinese productivity growth (as growth anywhere else), it claimed, was closely correlated with the implementation of globalization measures such as increases in external trade and decreases in internal state regulation. The correlation was subsequently treated as an explanation. It skipped over the essential point that China was hardly a good exemplar of neo-liberal globalization policies, not nearly as good as most places in Latin America, Eastern Europe or Africa, which had shown little growth and often even outright decline over the last two decades. China, of course, is a very populous, non-democratic one-party imperial state with a continuing socialist heritage and a mercantilist economy that is far from fully open to world market flows. In fact, mainland China is first of all being reconnected to its own Chinese diasporas throughout Asia and America (Vancouver). Its capital account, for example, which might appear fully open when one looks just at the impressive figures for FDI, is strictly controlled and first of all open to Chinese capital from abroad. It is the reorientation of far-flung Chinese capitalist networks on mainland China and *vice versa* that explains the rise of the coastal economy rather than an anonymous insertion into abstract global markets, as the aggregate figures of the IMF appear to suggest. If a particular set of state-policies should explain this process it is hardly the globalist prescriptions from Washington but rather the 'one country/two systems' project of the Communist party of China. To turn this into ego-confirming news for the global



bureaucrats and bankers in Washington and elsewhere is stretching the evidence too far.

Finally a note on the social nature of Chinese export led industrialization; claim number three. Though export led growth in manufacturing does help to increase incomes in the coastal cities, it is predicated not just on increased class and spatial polarization (see the graph below) but perhaps even more significantly on the intensification of gender and generational inequalities, indeed the deepening of outright exploitation, which do not show up in any Gini coefficients, GDP per capita figures or yearly average incomes, indeed in no household based data at all. China replicates older forms of within-family exploitation that have historically been associated with the apparel, toy, textile and electronics industries (Chan 2001; Lee 1998; Sequino 2000). In this respect, China stands as an illustration of the contradictory and partly perverse relation between globalization and women's emancipation in general (Freeman 2000; Mills 2003). It is no coincidence that it is precisely these branches that have been attracted to the Chinese free trade zones. China's particular path of extrication from Maoism-communism and its consequent hybrid mode of insertion in a specific segment of the world economy, therefore, does not testify to globalism *tout court* but rather to a powerful linkage between the return of its capitalist diaspora and an intensifying regime of gender and generational exploitation in the mainland that remains hidden in any World Bank inequality count.

## To Empire and After

Skeptical and realist critiques of liberal globalization theory were largely based on meso and micro observations. When they did connect these meso and micro findings with world-level structures they often imperceptibly blurred with a new wave of writing on imperialism gathering steam by the later nineties. Especially if institutionalists assumed or hinted at systematic, purposeful, and self-interested action by key actors in core states behind the drive to global marketization policies, they fed into an emergent radicalization of

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6 The recent UNCTAD report (2004), 'Linking International Trade with Poverty Reduction' ([www.unctad.org](http://www.unctad.org)), diverges significantly from World Bank orthodoxies and confirms some of the arguments made above as well as presenting more fresh data.

visions that began to depart decisively from the liberal middle ground of the mid-nineties. This emerging alliance was not coincidental. Institutionalists and (anti-) imperialists often stemmed ontologically, methodologically, and politically from the same roots in the European tradition of left wing liberalism-critique. In the current post Cold-War context and in the face of deepening proletarianization, class polarization of wealth, massive reconfigurations of gender and generation, and comprehensive global turbulence, there might now be less a divide on fundamentals between them than one in location and style, unlike any other moment since 1918.

The emergent Global Justice Movement after Seattle, 1999, the attacks of September 11, the sidelining of the UN and 'old Europe' by the Bush administration, his unfinished wars in Afghanistan and Iraq and the unprecedented anti-war demonstrations of spring 2002, all served to radicalize the critique on US driven globalization. In a sense this happened almost posthumously. The neo-conservative self-victimization in the US led to strong protectionist and America-first inclinations, preparing the electorate among others for unprecedented hikes in the military budget. Strict monetary policies, formerly a linchpin of Washington Consensus prescriptions, were reversed 180 degrees to keep up lavish consumer borrowing and put a floor under stock-market values rather than supporting a strong dollar. In a matter of months, the US economy was thus turned from world consumer of last resort and global financial entrepot into the largest debtor nation in history. It was only saved from steep inflation and subsequent depression by huge inflows of Chinese and Japanese surplus funds intent on keeping the dollar somewhat in its place to secure their exports while the Pentagon was running its expensive protectorates in Afghanistan and Iraq.

The conjunction of these episodes at the end of a turbulent decade brought older notions of imperialism powerfully to the fore again. They highlighted the spread of a much less rosy, less hopeful, and less anonymous reading of globalization than had obtained popularity in the mid nineties and thereby helped to put additional pressure on the visibly weakening alliance of political liberals and market liberals behind it. Globalization was increasingly unmasked as an ideology (for example Petras & Veltmeyer 2001). It remained undecided as yet whether it was the self-interested ideology of a US empire or rather the mantra of a transnational corporate financial class and its handmaidens in government, media and academia, which was pulling the strings of an emergent transnational state centered on the global power of the US. The US, in any case, was ever less circumspect in showing its capacity to shape global institutions in its own image and impose its rules via forceful, corruptive as well as

consensual means on individual nations and regions. In the process it adroitly shifted from soft power to hard power (and back again) clearly to promote its very own contingent interests rather than transparently universal ones.

The unmasking went together with a reappraisal of the classics of imperialism: Rosa Luxemburg's *The Accumulation of Capital* was republished for the first time since 1973, *nota bene* by a commercial press such as Routledge (2003), while Monthly Review Press brought a compilation of her political writings (2004). Nikolai Bukharin's original treatise on *Imperialism and World Economy* (2003), the example on which Lenin's *Imperialism, the Highest Stage of Capitalism* was built, had already been translated and published in 1995 but a new edition made it prominently onto the bookshelves in London, New York, and elsewhere in the spring of 2003. The stage was set, however, by Hardt and Negri's iconoclastic but obscurantist and anarcho-utopian *Empire* (2000; and see Balakrishnan 2003, for an assortment of critiques). This philosophical update of the European *autonomista/autonomen* experience of the seventies was instantly turned into a totem of the Global Justice Movement right before the turn of the tide.

These texts together make up a hardly coherent anti-imperialist intellectual mumbo gumbo, however. A huge gap yawns, in style as well as substance, between the early twentieth century Marxist treatises on imperialism and the anarchist siren call of Hardt and Negri. In the current context, it is fair to say, they suffer from mirrored inadequacies. The nature of the contemporary capitalist state escapes both (see also Harvey 2003; Tilly 2003; Wood 2003). In genuine *autonomista* fashion, *Empire* celebrates the increasing irrelevance of the modern state and its hierarchic industrial production paradigms by the onslaught of global capitalism. The book paints an anonymous empire of capital that pulverizes the obsolete social hierarchies of modernity, in particular those associated with industrial classes, nations, and patriarchal families. Such collectivities all dissolve into formless 'multitudes' which, having little left to lose, now seek to turn negative liberation into positive liberty by claiming a space for subjectivities beyond capitalism. In a sense, Hardt and Negri, inspired by the current mobile, digital and networked context, discover precisely the collective actor that was once missing from Herbert Marcuse's *One Dimensional Man* (which, tellingly, was republished in 2002, again by Routledge), while bringing Marx' dialectic up to date for postmodern times. The heroes are now transnational migrants and networked artisan-intellectuals. The philosophical analysis proceeds on a high level of abstraction, covering centuries rather than more recent or manageable epochs, and tends to ignore decades of

systematic social inquiry into the state, current capitalism, and social movements.

Classical Marxist critiques of modern imperialism had a totally different purchase and style. All of them were grounded in concrete empirical analyses of the problems of national capitalisms around 1900. They pointed to a movement contrary to the one pictured by Hardt and Negri: the increasing mobilization of core states behind the interests of national capitalists at home and abroad, ultimately leading to the militarization of social economies, colonialism, and inter-imperialist war. Where Hardt and Negri see multitudes liberated from the cage of the modern state by global capital, and liberating themselves subsequently from the demands of the capitalists, Luxemburg, Buckarin, Lenin (and Hobson & Hilferding) described growing state involvement in the reproduction of capital and labor, and consequently 'social imperialism', Empire formation, territorial conquest and militarism. Which way to go for radical theory in the present epoch?

The mirrored inadequacies of *Empire* and classical imperialism theories concern the role and nature of the state in the current globalizing conjuncture, the place of geopolitics, and the precise ways in which current imperialism is connected with neo-liberal globalization (see also Panitch 2000; Harvey 2003; Wood 2003). First, it is a confusion of myth and reality to argue that the new globalist imperialism, in contrast to the old, is more or less state-less or anti-state. There is a strong recent body of literature that theorizes the emergent transnational state and – notwithstanding other important disagreements among its authors – it convincingly points at an uneven, far from finished, patchwork of global administrations, power networks and military mechanisms that form the nucleus of an emergent transnational state with regionalist offshoots (Arrighi 1994, 2000; Mittelman 2000; Panitch 2000; Shaw 2000; Robinson 2002, 2004; also Archibuggi & Held 1998). Apart from facilitating global cooperation, the radicals point out that this global framework serves to turn national states into competition states, which are intensely networked upwards and sideways in largely opaque forms placing them beyond the control of national democracies. Second, the new imperialists are not nearly so keen on occupying territory, ruling over its inhabitants, and waging wars to that end, as the classical imperialists were (Wood 2003; Harman 2003). Rather, they prefer to work through financial and vassalage linkages: the ultimate form of indirect rule. Third, inter-imperialist rivalry, the classical cause of modern war and the formation of exclusive trade blocs, is meanwhile uniquely prevented from taking a military or openly radical form by the fact that all potential claimants are dependent on the techno-military might of the one

single player, the United States, that can both claim unprecedented military superiority over all other potential contenders as well as organize (an increasingly fragile) hegemony – soft power – via the United Nations, post-Bretton Woods frameworks, and bilateralism. It is this fragile hegemony in combination with the unipolar military might that forms the key force in the making (and unmaking) of the transnational state apparatus – and vice versa. Rather than recycling the debates within Marxism of a century ago or fully embrace the free-floating utopias of the present day *narodniki*, that is, indeed, rather than reproducing the old divides within the left, the imperialism critique of the new radicals should come to terms with these three more or less new properties of the state in the age of neo-liberal globalization.

While Held and Archibugi argue that the emergent transnational state could well be the harbinger of a future cosmopolitan democracy, various political economy authors, ranging from Gowan (1999) to Wood (2003), Arrighi (1994, 2000), Sassen (1999, 2003), Robinson (2002, 2004), McMichael (2003), and Gilpin (2000, 2001), have described the emergence of a panoply of transnational governance structures that have increasingly taken on state-like functions and that are intended to do the work of an all but democratic neo-liberal imperialism (see also Panitch 2000). These functions are the most coherent and authoritative in the domain of finance: the IMF and the World Bank, the coordinated network of treasuries and Central Banks, and their out-branching linkages with the top of the private banking sector, brokerage and arbitrage firms. Although the formal origin of IMF and World Bank goes back to the outcomes of the Second World War and the need to manage a liberal peace via multilateralism and international Keynesianism, these organizations and functions 1) have historically been transformed by the capitalist profitability crises of the seventies and eighties and have been reoriented towards financialization, that is the valorization imperatives of liquid and speculative capital. They have thus become geared to the interests of *haute finance* and large transnational corporations in a hypercompetitive world environment; 2) they have become the arena for the formation of a self-conscious transnational class, recruited from financial, corporate and state personnel; 3) which employs neo-liberalism and globalism as unifying ideologies that seek to (re)commodify aspects of social relationships and social production and reproduction that were hitherto object of state or community regulation, social entitlements, and protection, with the aim of expanding and deepening the circuits of capital; 4) and by doing so encroach routinely on the sovereignty of national states or regional conglomerates of states, among others by helping to ‘constitutionalize’ neo-liberalism, by empowering the transnational class segments within any



individual country, and by decapacitating the social contracts between classes forged in the prior period of fordism/Keynesianism/developmentalism/really-existing socialism.

In sum, instead of a liberal and/or civil society reading of global governance, this work combines aspects of Marx, Gramsci and Polanyi in pointing out that structures of global governance first of all aim to impose world-wide marketization and 'generalized debt-peonage' (Harvey 2003) from above, function as a forum for the ideological unification and practical rule of an emergent transnational class, and serve, above anything else, the interests of finance capital.

Authors such as Gowan (1999, 2003), Arrighi (1994, 2000), McMichael (2003), Harvey (2003), Panitch (2000) and Wood (2003), in addition, have demonstrated that this emergent transnational state obeys the interests of some states far more than other states. They demonstrate that the structure was created step by step as a vehicle for the global extension of the US state and its ruling corporate class, plus similar class actors among its key allies in Europe and Japan. While some global forums function as communication and planning departments of this US led neo-liberal transnational state, for instance the Trilateral Commission, the G8, the OECD and the World Economic Forum, others, such as the IMF and the World Bank have been transformed into effective bureaucratic 'debt collection devices' (Bienefeld 2000) for global financial flows and increasingly as vehicles for institutional re-engineering of obsolete national institutions. Regional alliances such as the EU, Asean and Nafta, similarly, have first of all served to translate the issues of free trade, deregulated capital flows and property rights as agreed in GATT, WTO and other global organizations downwards into other jurisdictions (Mittelman 2000). Instead of cosmopolitan democracy in the making, this work argues that actual global governance is US led neo-liberal imperialism in action, what Peter Gowan (1999) has called the 'Dollar-Wall Street-Regime'. In this vision, the multilateral UN organizations as well as the global civil society of NGO's, organizations that political liberals tend to cherish, have for all practical purposes been limited to serving as its fire department, its toolbox of experts, and its public relations group. These arenas are necessary for the maintenance of hegemony but they hardly affect the core financial interests that are the undemocratic prerogative of the treasuries of their key sponsors, first of all the US.

The contemporary imperialism argument thus emphasizes that what Bourdieu has called 'the right hand of the state' – finance and coercion – has become globalized and placed beyond any democratic control, while the 'left hand of the state' has been locked into increasingly defensive, under-funded, local and

parochial conditions. Beyond the conventional institutionalist visions, which remain largely fixed to micro or meso environments, it claims that such condition has not just been the largely contingent outcome of institutional designs and actors *in situ*. Rather, it contends, this has been the systematic local outcome of a global framework of neo-liberal imperialism, imposed on behalf of finance capital and the transnational class by the core Northern states led by the us.

Two sorts of issues remain underdeveloped in this argument. First, the question of hegemony: imperialist arguments, if they want to become persuasive outside the radical circles, depend on a sophisticated theory of hegemony that rejects mechanical ideas of top-down power and blank imposition. It must be emphasized that hegemony is a process in time and space, based both on force as well as consensus, exerting pressures and setting limits, pre-selecting certain options and including particular actors while excluding other options and alternative actors. In its power balances and guiding interests it is a highly structured and systematic process, but in its particular negotiations and choices it must accommodate contingency and counter-power, making any particular outcome in place and time both determined as well as contingent. In concrete terms: if the United States is by far the most powerful player in making and running contemporary neo-liberal empire (yes, in the singular), it must accommodate slightly diverging Japanese or European interests among its rich allies in the financial and trade networks. It should also heed Brazilian, South African, Russian or Chinese interests in trade negotiations, or Russian, Indian, Korean and Pakistani in security matters. Shifting coalitions can exert different pressures, and outcomes are contingent upon the conditions under which particular alliances become possible and gain strength and coherence. Also, if the us state works primarily for the financial interests of the transnational class, it cannot but heed the particular local and national pressures under which the specific local segments of that class come into being and are reproduced. This is true at home and abroad. If, under Bush, classical industrial interests and oil-interests have become more influential in domestic us politics after 2001 in relation to Wall Street, it does not immediately mean that another epoch has arrived, but it does mean that different accents will be set, including a shift to hard power and, if necessary, inter-imperialist confrontation (steel tariffs, insider contracts for Iraqi 'reconstruction', less circumvent militarism, UN and Nato fissures). Similarly, if the us treasury and the IMF have to accommodate an Argentine intransigence on debt service, supported by a mobilized and angry population in combination with an obvious lack of breath of its national and comprador bourgeoisie, they may be more flexible then they used to be in

earlier crises. If Korean workers stage huge strikes and demonstrations, the us and IMF will not push their demands on banking reform and the Chaebols to the limit, etc. The message is: local outcomes cannot simply be derived from macro imperialist theory or narratives. Hegemonies are by definition situated (historically and spatially) and depend on the configuration of collective actors at any one moment in time and on the context of place. That is, hegemonic outcomes are always amalgams of macro structure and micro action, determinations and voluntarisms, local and global. If such notion of hegemony would gain wider acceptance, a broad and fruitful cooperation between institutionalists and empire-theorists would become possible, potentially preparing important victories in the 'great globalization debate' and guiding and strengthening reformist and anti-globalist alliances.

Second, there is a whole set of often noted and discussed social issues that can and should be brought systematically into the orbit of empire theories. Neo-liberal empire does not just operate within financial linkages but it is simultaneously and systematically producing a whole series of ramifications throughout local social orders. Institutional explanations would gain much analytical and political force if they 'scaled up' their approaches and explored more systematically and rigorously the chains of linkage between local outcomes and global structures. Empire theorists on the other hand would gain much more empirical leverage if their jumbo arguments would offer more openings for local level social research.

For example, the generalized intensification of pressures on agriculture and the countryside in the peripheries, inexorably leading to large-scale de-peasantification, (sub)proletarianization, informalization of markets, and increased migration all over the South and East, is part and parcel of empire, as is the pressure on older industrial territories and their working classes. In their turn, these processes exert strong pressures on families, households, sexes and generations, as well as local communities, which are all tendentially bereft of non-market sources of livelihood and survival. Proletarianization and all its diverse and potential consequences may be the underside of globalization, as we concluded earlier, but it is then also the flip side of empire, and an integral aspect of the theorization and analysis of its relations and mechanisms.

This is a politically useful message: it means that counter-imperial mobilizations can help to set limits to the process and lead to more radically negotiated outcomes. While mobilizations are mostly local or at best national, in the global epoch effective negotiations and articulations of positions often take stage at regionalist levels and in the negotiation between whole regional clusters and (or within) the global institutions. For the basic conditions of life, the most

significant political battles are nowadays waged at the level of, within, and by the EU, a deepened Mercosur, the emerging alliances between Brazil, South Africa, India and China, or around the contents of the greater Indian trade area etc. as they negotiate with each other and with the us or global institutions. Regionalism is generally neo-liberal, as Mittelman has shown (2000), but it may receive new input from movements and mobilizations. Some of this input may be squarely right wing, conservative, religious, or nationalist. Anti-globalism is not everywhere a left wing movement, as it is partly in Western Europe, the us and Latin America. But whatever the local ideological origins and meanings of protest against neo-liberal empire, mobilizations, especially if coordinated on a regional level, may lead to significant modifications of the contents of regionalism, which may help to produce alternative outcomes on the ground within national territories or local life worlds. Such alternative outcomes concern first of all the maintenance of public welfare, health, education, pensions etc., but they are also about formations of family, household, gender, work, sociality and sodality. In short: social mobilizations and regionalist alliances may produce new positions and input in the negotiation with neo-liberal empire, helping to generate alternative visions and practices of equity, public economies and public services, and feeding into alternative modes of life on the ground.

Finally, an often fully misrecognized integral aspect of neo-liberal empire is state-breakdown in the weaker zones of the world system such as sub-Sahara Africa, the Caucasus, the Balkans, partly the Andes, and between 1993 and 1999 also in Russia. Empire-actors and their ideologists used to call such breakdowns 'state failure', and they have been concerned about the global security consequences. The World Bank and NGO-activists often attribute such breakdowns to corrupt government, rapacious elites, and failing institutions (Collier 2003, for example). Such explanations are one-sided, focusing only – and paradigmatically – on local conditions. The fact is that neo-liberal empire is systematically producing such collapses, with all the associated human disasters. This is not to say that World Bank directors are personally responsible for the dramas in the 'zones of turmoil'. But it is to emphasize that long term and

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7 An upcoming report by the Washington based Center for Global Development (2004), 'On the Brink: Weak States and us National Security' ([www.cgdev.org](http://www.cgdev.org)), argues much in this direction (*Financial Times*, 9-6-04). It predictably stops short of admitting that its recommendations will go against the immediate interests of key financial and state powers.

severe state indebtedness in situations where 1) the modern state itself had been young, weak and imposed by internal or external colonialism and 2) where elites have had widely diverging interests, or interests that compete directly with the state, while having had little experience in the motivations and arts of compromise, and 3) loatable resources are available that are sought after in world markets, state collapse becomes a likely outcome. State collapse, really, is the catastrophic tip-of-the-iceberg of a generalized condition of lack of legitimacy on the part of all states and elites under neo-liberal empire – debt peonage does not make up for substantive citizenship. It is, fortunately, restricted to the vulnerable zones and their populations, but its causation is never simply local, and always derived from a much wider and much more universal process of the neo-liberalization of the state, a process that tends to turn all states – some more, some less – into bodies that must despair about their legitimacy and popular justifications.

Jonathan Friedman (2003, for instance) has been one of the few scholars who has consistently stressed the double polarization associated with globalization: the polarization between classes as well as the polarization between increasingly indigenized, ethnicized, nationalized, traditionalized, in short culturally ‘closed’ and strongly bounded populations. This double polarization, though, is an intermediated one. And the intermediating factor is precisely the systematic shortage of legitimacy on the part of the modern state under neo-liberal empire; a claim Immanuel Wallerstein has been propounding consistently for some time now, though in slightly different form (2003, for instance). A major paradox: the emergence of a transnational class operating with digital technologies and advanced management decision systems in the capillary branches of an emergent world empire is willy-nilly acting to parochialize the denizens of the contemporary post-welfare states of the North and South, West and East. Our pasts are becoming the future now because categorical values, beliefs and loyalties, imagined to be buried deeply in the magical roots of our cultures and religions are taking the place of the universal modernisms gone awry. They are the cloak that deeply uncertain societies are increasingly wrapping around them, embodying the symbolic and somewhat desperate claim to community, identity and legitimacy, while their leaders and elites are sneaking through the magnificent backdoor-exit offered by empire.



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