

# Transnationalizing Capitalist Hegemony: A Poulantzian Reading

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## Abstract

The international political economy is increasingly underpinned by transnationalizing social and class forces that exercise their interests utilizing nation-states and institutions. Whereas the previous “world economy” was typified by interactions between distinct national economies, in the current “global economy,” service and production chains are ever more transnationalizing. In some readings, the notion of a “transnational state” has been advanced, with the state having broken out of its national limitations and become transnationalized. The transnational state thesis, however, is a concept too far. It denies the critical role played by the state in the internationalization process. Utilizing Poulantzas’ notion of an interior bourgeoisie, an alternative framework is offered that gives us an insight into the ongoing transnationalizing processes that mark the current contemporary stage of capitalism.

## Keywords

Poulantzas, globalization, transnational classes, hegemony, interior bourgeoisie

The global political economy is more and more characterised by social and class forces that are transnationalizing and that express their material interests through states and institutions. Previously it might be said that the “world economy” was exemplified by connections and exchange between discrete national-based economies. In the contemporary “global economy” however, service and production chains are increasingly transnational in scope. Such dynamics have led some scholars to promote the idea of a “transnational state”, with the state having escaped out of its national pre-occupations and restraints. This argument, the notion of a transnational state goes too far in its analysis. Specifically, the thesis denies the crucial part played by the state. This article seeks to deploy Poulantzas’ concept of an interior bourgeoisie and in doing so, proffers an alternative framework to examine ongoing transnationalizing processes, while allowing conceptual space for the role of class forces within state entities.

Dominant interpretations of global politics are generally understood in terms of the competition among and between nation-states for status and power in an anarchic interstate system. The material

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wealth of individual states is often understood to be at the foundation of such power and standing. Many of the commentators who think about these processes, however, are hindered by an ontology that not only links state power with national accounts (gross domestic product above all other indicators) but also calculates trade, shares of world manufacturing, and so on, as if the global economy consisted of nationally discrete political economies. There are two problems with this approach. Firstly, such quantitative indicators are abstractions and serve to obfuscate class relations and the modes of production within given historical circumstances.<sup>1</sup> Secondly, the globalization of capital over the recent decades has made such methodologies and research foci problematic.<sup>2</sup> Both critiques are important given the context of dominant approaches within International Relations that, on the one hand, dismiss the state as irrelevant and, on the other, reify the state as the vehicle to navigate the global anarchical regime.

An alternative perspective that recognizes such limitations is thus called for. It is the argument of this article that the world must be seen in terms of transnationalizing social and class forces that exercise their interests utilizing nation-states and institutions. In this scenario, interstate dynamics and even interruling class tensions do of course exist, but it is important to move beyond the external trends that are most visible in such frictions to arrive at the fundamental kernel of class forces in the global political economy and how these dynamics are demonstrated throughout the interstate structure.<sup>3</sup>

Whereas the previous world economy was typified by interactions between distinct national economies, with American companies owned by American investors producing for the world market, in the current global economy, service and production chains are ever more transnationalizing. However, the notion of a transnational state as advanced by Stephen Gill and (particularly) William I. Robinson in his global capitalism thesis does not adequately describe ongoing processes.<sup>4</sup> Both scholars assert that as economic activity has become increasingly organized globally, the state has broken out of its national limitations and become transnationalized, carrying out the same role that it did post-1945 but now organizing capitalists and capital accumulation at a transnational level. This idea of a transnational state is a concept too far. As Bob Jessop notes, the idea of an effective transnational state would contain an intolerable economism that denied the vital political mediation of the internationalization process as well as the political overdetermination of the state's functions.<sup>5</sup> This article thus seeks to offer an alternative framework.

## Social Formations and the Transnationalizing Ruling Classes

Institutionalized spaces must not be scrutinized *merely* as states negotiating improved positions in the ongoing order. Rather, they are—like all states—social formations. Their policy preferences stem from the nature of their state–society complexes and cannot be separated from this. While capitalism pushes for an elimination of boundaries and the “annihilation of space by time,”<sup>6</sup> it inescapably needs as an interim measure, expressed through institutions and infrastructures. In this light, it is true that ruling classes have been progressively integrated into transnationalizing class structures and have increasingly been incorporated into the global institutions and infrastructures that have been erected to govern the world and provide facilitating conditions for the reproduction of capital. Policy elites have progressively entered the ranks of the transnationalizing ruling classes, although this process is ongoing and incomplete and *contra* the transnational capitalist class thesis, this has not been incompatible with state sovereignty and territoriality.<sup>7</sup> Although this fraction does not generally admit itself as a class per se, it has realized a distinctive class consciousness, with an “awareness of a common concern to maintain the system that enables the class to remain dominant.”<sup>8</sup>

This scenario follows on from the conditions of globalization, whereby discrete states are ever more having to transform and restructure themselves, with leading class fractions becoming more

and more externally integrated into the global political economy. National states are not external to the ongoing process of the transnationalization of the state system but have become increasingly incorporated into it as component parts. Indeed, they have been central to this process. This tilts the balance of power in favor of the transnationalizing hegemonic class elite and externally oriented class fractions who push for the concomitant policies that serve and are inextricably bound up with the ongoing world order.

However, it is clear that the nation-state has not simply become a transmission belt for global capital (as Robert Cox avers) nor that the circuit of capital has transcended entirely the nation-state. Indeed, a key critique of the global capitalist thesis is that it disregards possibilities of spatially based logics to capital accumulation and also misses the reality that classes are created by the exploitative relations inherent in capitalism, which starts out—and often remains—at the national or regional level.<sup>9</sup> And of course:

The transformations of capitalist relations of production leave their mark on transformations of the nation and of bourgeois nationalism. Now, even in the current phase characterized by internationalization of capital, the (no doubt altered) modern nation remains for the bourgeoisie the focal point of its own reproduction—reproduction which takes the precise form of internationalization or transnationalization of capital.<sup>10</sup>

While nascent transnationalizing power blocs seek ever more globalization in terms of production and the accumulation of capital, the degree to which this occurs across time and space is necessarily dependent upon the balance of class forces in particular geographic entities. This can vary across time and space, and the global polity is uneven and disjointed. The work of Nicos Poulantzas proffers some help in untangling this theoretical conundrum (while equally recognizing that the concept of imperialism and hierarchy still has purchase in its contemporary form). According to Poulantzas, internationalization is the latest stage of imperialism while interimperialist contradictions remain:

A new dividing line is . . . being drawn within the metropolitan camp, between the United States on the one hand, and the other imperialist metropolises, in particular Europe, on the other. Relations between the imperialist metropolises themselves are now also being organized in terms of a structure of domination and dependence within the imperialist chain.<sup>11</sup>

The contemporary global system is “essentially a response to the need for imperialist monopoly capital to turn to its account every relative advantage in the direct exploitation of labor.”<sup>12</sup> In today’s world order, this occurs in the context of a transnationalization of the dominant capitalist state’s (i.e., the United States) state–society complex. Of course, the transnationalization of class relations has considerably intensified with the onset of globalization. This in practice has meant that the relationships between American-based capital and other capitals are now much more horizontal than previously, with emerging centers of accumulation clearly evident. Equally, the United State now also exhibits an internal bourgeoisie like other states in the global political economy “because a massive influx of capital since the 1980s has changed the internal composition of the US capital considerably.”<sup>13</sup> A bourgeoisie with a compelling transnational orientation now holds the dominant position within the American power bloc.

According to Poulantzas, the state systematizes the interests of the power bloc as it is relatively autonomous from specific class fractions, but this project is at the same time problematic due to the class contradictions and competitions within states, given that the state is not a monolithic entity but rather a field upon which such conflict is exercised.<sup>14</sup> Thus, the state at once constructs the necessary conditions for a dominant class and procures the consent of subaltern classes to govern, but this

moment is never set in stone. The state as an institution is “destined to reproduce class divisions [and] is not, and can never be, a monolithic bloc without cracks, whose policy is established, as it were, in spite of its own contradictions.”<sup>15</sup> This can be most graphically seen in recent months with the rise of Donald Trump and an ostensible populism as well as with Brexit, which saw arguably a conflict between pro-European integrationist neoliberal expressions and a more national form and/or a fraction more Atlanticist in orientation. Clearly, “transnationalised state projects can be resisted and contested by other fractions of capital and other social forces, and may confront challenges from state institutions and policies that are legacies of past social compromises.”<sup>16</sup> Thus, the idea that a transnational capitalist class exists (or can exist) as a unified bloc cannot be accepted, as it underestimates the horizontal socioeconomic and political competitiveness and contestations between individual capitals. Despite the global hegemony of neoliberalism, the contradictory nature of the state makes certain that interimperialist rivalry will continue rather than it being supplanted by a coherent transnational capitalist class or *Ultraimperialismus* (see below). As has been noted,

“Transnational” elites indeed attempt to implement an international “neoliberal” ideology, but are themselves not independent from the national level (or from local and macro-regional levels); for one, because they must repeatedly enter into national compromises with other actors (for example with capital fractions whose sphere of interest are limited to state territory or other subnational spaces), and for another, because the trend towards globalization has its limits.<sup>17</sup>

Of course, the transnationalizing hegemonic class *has* been the active agents of neoliberal globalization. Here, Poulantzas’ internal bourgeoisie representing on the domestic scene the corporate power of international interests is of note.<sup>18</sup>

## The Internal Bourgeoisie

Poulantzas sought to ascertain the link between territorial fragmentation and the ongoing internationalization of production by developing the idea of the internal bourgeoisie. This was a break from previous conceptualizations of the domestic capitalist class which had delimited them to either the “comprador bourgeoisie” (essentially dependent agents of foreign capital with no productive base of their own)<sup>19</sup> or the national bourgeoisie, who did possess a material base (albeit often protected from the demands of the population by imperialist interests, given that this bourgeoisie, through its control of the state, provided monopoly conditions for expansion).<sup>20</sup> This national bourgeoisie was broadly assumed to share basic nationalistic views about industrialization, national development, and growth. With shifting developments within the capitalist core, Poulantzas argued that this dichotomy was no longer satisfactory:

What is necessary, then, is to introduce a new concept enabling us to analyze the concrete situation, at least that of the bourgeoisies of the imperialist metropolises in their relationship with American capital. Provisionally, and for want of a better word, I shall use the term “internal bourgeoisie.” This bourgeoisie, which exists alongside sectors that are genuinely comprador, no longer possesses the structural characteristics of a national bourgeoisie, though the extent of this of course differs from one imperialist formation to another.<sup>21</sup>

This internal bourgeoisie denoted the emerging and relatively autonomous fraction of capital which was already infused by “external” capital, so that there was no longer a dominant fraction of the domestic ruling classes which was able to continue the accumulation process bound within the constricted confines of national markets.<sup>22</sup> Under conditions of neoliberal globalization, the more dependent countries become on foreign capital, the more pitiless must the state be in favoring the

extant privileged minority who possesses considerable assets. As noted, “Their interests are always the same: low inflation, stable external value of their currency, and minimum taxation of their investment income . . . [Yet the] financial short-circuit between different countries forces them into a competition to lower taxes, to reduce public expenditure, and to renounce the aim of social equality.”<sup>23</sup>

Multifaceted symbiotic relations with capital based in the North has led to a wearing down of ideological independence (which has then translated into policy preferences—see below). However, because the internal bourgeoisie *do* possess their own economic base, a base that is not characteristic of a national bourgeoisie in that it has international ambitions and interests, interactions with foreign fractions of capital are complicated and more equivocal than either the comprador or national bourgeoisies, albeit dependent upon the national peculiarities of each individual state.<sup>24</sup> Poulantzas argued that the Western European bourgeoisies (which was the focus of his study) were dependent on US capital but in ways which were qualitatively different from that previously witnessed between compradors and American (or foreign in general) capital. Here, it should be noted that Poulantzas never suggested that the interior bourgeoisie was a unified class.<sup>25</sup> Although they may display a degree of political agreement at times when contradictions exist between them and foreign capital, “it is itself deeply divided, particularly in so far as it is cleft by the contradiction between monopoly and non-monopoly capital, and this fact is not without effect on its political weakness.”<sup>26</sup>

## The Dual Status

How Poulantzas’ work relates to the transnationalizing thesis is the way in which his analysis of the dominant class under conditions of global capitalism allows them to assert their dual status as both autonomous and dependent upon imperial capital. This is because:

As an effect of the globalization of capital valorization, the internal bourgeoisies have been transnationalized: they have interiorized transnational capital and, with it, transnational power relations. It follows that the national states have been transnationalized, too. This does not mean, however, that they have lost their political importance: they remain an important terrain for the reproduction of the respective transnationalized bourgeoisies, which is why the latter remain internal bourgeoisies.<sup>27</sup>

This transnationalizing internal bourgeoisie has sought to effect neoliberalism at the national level, thereby effecting a globalizing trend.

Yet because uneven development is writ large across the globe, there are substantial structural limits on the possibilities of the elaboration of a transnational state which is at the heart of the global capitalism thesis. Additionally, the dominant power bloc within nation-states possess strategic preferences *vis-à-vis* which particular institutions (up to and including those of the state) it can most efficiently influence to promote its collective material interests. However, the contradictory characteristics of these institutions can also stimulate competitions among and between capitalist states as much as construct a cohesive transnational capitalism. The question is entirely empirical and contingent and different outcomes will necessarily arise from different configurations and moments.

The transnationalizing forces working on a state then will always be reflective of conflicts around the precise condensations of national and supranational institutions that embody global capitalism rather than a fundamental evolution in the nature of the state. The hegemony of neoliberalism and the transnationalizing process notwithstanding, class contradictions will always remain and the nation-state will be the primary terrain where such contradictions are resolved. This survives even

when we have moved from the international (processes across borders) to the transnationalizing (processes both across borders *and* functional integration).

Complex structures of ownership now characterize transnational corporations, and while the class interests of the global plutocracy have shifted beyond merely that of a national bourgeoisie, the national foundation remains within the context of broader and determinant formations like national states and cultures. The nation-state and those operative through it remain essential for the functioning of global capitalism. It is absolutely true that functionally integrated circuits of production and finance exist, and these are often supranational. It is equally true that many pivotal economic, social, and political processes have become transnationally oriented. But these are all permitted by the agglomeration of national-based power blocs who view such processes as beneficial to themselves and their class interests, that is, the internal bourgeoisie (even while having to resolve the contradictions that such processes generate at the domestic level): “There is no capitalism without the state. Capitalist globalization could not be pursued without the interventions of the US armed forces and the management of the dollar.”<sup>28</sup>

As *relatively autonomous* these ruling classes assiduously construct hegemony even while operating in the “collective” interests of capital. Externally oriented fractions accept as true the idea that for their spatial entity to “progress,” they must continue to insert their economies into ongoing global circuits of accumulation. Yet the internal bourgeoisie is still beholden to their domestic constituencies (even in autocratic formations). This power bloc necessarily interacts with a multiplicity of social forces, some more transnationally oriented than others. As a result, political rhetoric and policies may transpire that appear to contradict the hegemony of neoliberalism. Yet the fundamentals of the world order will not be challenged unless a momentous change in the balance of class forces occurs. All the while, the United States as ultimate guarantor for conditions advantageous for transnationalizing capital remains. This can be seen by American policy practice:

[W]hen the US state acts it is because of the structural power of the US economy within world capitalism, with transnational outcomes primarily benefitting US capital through the US’ preponderance of global market power. Thus the US state acts to secure the generic global conditions for transnational capital accumulation less at the behest of a TCC (transnational capitalist class), but rather because, in so doing, the US state is, by default, acting in the generic interest of its national capital because of its high level of internationalization. In short, the US state is the first among capitalist equals.<sup>29</sup>

As global capitalism has advanced, it necessarily seeks to create a world order amenable to accumulation on a global scale. The class agents of this enterprise have increasingly risen to the fore and may be seen as the hegemonic fraction of capital on a world scale. Although the state is constituted politically on a national basis, its class character is not *simply* defined in national terms as the capitalist law of property and contract ever more transcend national legal systems and finance transcends the restrictions of national currencies.

This transnationalizing internal bourgeoisie is ever more connected to global circuits of production, marketing, and finance. What can be witnessed is a new set of social formations articulated via class struggles among and between discrete fractions of capital (i.e., national and transnational).<sup>30</sup> What distinguishes the transnationalizing internal bourgeoisie is that its members seek opportunities across state borders to further their collective interests (which is never complete and at times contradictory). In its extreme, this class, which Samuel Huntingdon dubbed “Davos Man” “ha[s] little need for national loyalty, view[s] national boundaries as obstacles that thankfully are vanishing, and see[s] national governments as residues from the past whose only useful function is to facilitate the elite’s global operations.”<sup>31</sup>

David Harvey has suggested that though this process has been efficiently camouflaged, recent decades have witnessed a spectacular class struggle whereby the ruling class has restored or, as in

China and Russia and other emerging powers, constructed class domination after a hiatus of compromise and (in the West), embedded liberalism.<sup>32</sup> Warren Buffet (third wealthiest individual in the world in 2015) agrees with this, asserting that “There’s class warfare, all right but it’s my class, the rich class, that’s making war, and we’re winning.”<sup>33</sup> This transnationalizing class fraction’s progressive disconnection from national roots (though not final) is evident because:

[E]ven when they maybe located nationally (e.g. primarily operating within one nation state but physically domiciled in a number of different homes), internationally (e.g. using limited national market integration) or indeed transnationally (e.g. using global productive product chains), part of their investments, if not all of them, are likely to be liquid and located globally. This [fraction] operate[s] in this increasingly transnationalizing world, where capital penetrates all global regions and all nation states, operating with and through loose transnational networks of state apparatus that function to facilitate capital accumulation, maintain and sustain the top-of-the-top 1 percent’s class power.<sup>34</sup>

The erstwhile hegemony of an essentially nation-based capitalist class has been elevated to the global scale by this transnationalizing class, the fraction with the greatest influence on international institutions and which today has an increasing say in the running of nations. This process has gone hand in hand with increasing global inequality, as many have noticed.<sup>35</sup> Half of all global wealth now rests in the hands of 1 percent of the world’s population, according to investment bank Credit Suisse, which also warned that the world’s wealthiest 1 percent would own more than the rest put together by 2016.<sup>36</sup>

The current global order then may be best described as a plutocracy where power resides with a transnationalizing “superclass” of the 1 percent<sup>37</sup> What is absolutely crucial is that this plutocracy subscribes to a conspicuous ideology that brings with it an activist globalizing perspective, seeking to topple the legal, social, ideological, and cultural barriers to continued capital accumulation by “going global,” facilitating their mega-accumulation strategies. Capital has sought to shake off the mere constraints of nation-state capitalism and has worked toward breaking free of the compromises and concessions that had been formerly agreed with the working classes. This is still contingent, however, on the compromises and competitions at the national scale.

The transnationalizing internal bourgeoisie embodies the dominant fraction among the capitalist classes. They are not simply “the elites” (although they are elite in the sense that they constitute the ruling class). They are the leading fractions of a particular class—those defined by their relationship to the means of global production and/or to global finance.<sup>38</sup> The transnationalizing internal bourgeoisie then is a class that is emerging through their discrete practices embedded in a globalized economy in a period of intensive financialization. Their class power is ever more explained in relation to their ownership and control of the means of production, operating within the structural field of the circuits of capital that are ever more transnationalizing.<sup>39</sup> While Leslie Sklair attributes roles to the members of this class (transnational executives and their affiliates, globalizing state bureaucrats, capitalist-inspired politicians and professionals, and consumerist elites) these functions may overlay with their defined class position, and they are not definitional.<sup>40</sup> They are in fact are social categories rather than reflecting a class position. However, while acknowledging the above processes, it is too far a conceptual leap to advocate the existence of a transnational state.

## **A Transnationalizing Internal Bourgeoisie, Not a Transnational State**

The idea of a transnational state owes its intellectual origins to Karl Kautsky’s Ultraimperialism whereby competition between states was to be broadly ended by a cartel relationship that united the interests of the ruling classes.<sup>41</sup> Indeed, “It is . . . the notion of ‘ultraimperialism’ that identifies the hegemony of one imperialist country over others with a compete ‘pacification’ of inter-imperialist

contradictions.”<sup>42</sup> Kautsky essentially argued that core capitalist states would avoid competition—and the inevitable wars between imperialist powers—by entering into a new epoch where monopoly capital had reached such a high stage that it could organize the joint exploitation of the global economy. Such a cartel would allow the capitalist countries to maintain profits and avoid stagnation. In this stage of ultra-imperialism, international class coalitions and cooperation (as well as the need to subsume contradictions and antipathies) would be harmonized. Of course, Vladimir *Lenin* sharply critiqued Kautsky’s thesis, arguing that capitalism was in a transition process toward the monopoly stage.<sup>43</sup> From being a nation-based system, Lenin argued that capitalism had evolved into an imperialist stage typified by monopolistic/oligopolistic conglomerates, that is, the monopoly stage of capitalism. As the advanced capitalist nations entered into fierce competition, the interests of the dominant classes crossed and diverged, inevitably resulting in wars over foreign resources and markets. For Lenin, imperialism but was a superstructure of capitalism.

Both Kautsky and Lenin aimed at expanding Marx’s analysis of domestic nation-based capitalism to the international level of economic interactions between industrial states. It might be averred that while ultra-imperialism as a concept may be treated with caution, the Kautsky–Lenin debate is quite apposite for today’s globalized world. Indeed, while Kautsky’s notion of ultra-imperialism has not been realized, transnationalizing capitalism in terms of the mutual interests of finance capital across the world *is* developing, ever more incorporating hegemonic fractions from both the North and the South. And Lenin’s understanding of the crisis of monopoly capitalism, where corporations are integrated with finance capital, communicates in important ways the contemporary and ongoing global situation. The main divergence is in the distinction made regarding imperialism. Kautsky saw it as a particular policy of capitalism to overcome intercore contradictions in the epoch of finance capital, while “Lenin’s imperialism propose[d] the concept of a new stage of capitalism as the solution to the theoretical crisis within Marxism that emerged with capitalist recovery at the turn of the 20th century.”<sup>44</sup>

Yet at the current level of capitalist development, it is a step too far to claim that we have arrived at ultra-imperialism and a transnational state (or even cartel). Admittedly, one can see the logic behind the argument. For instance, in one of the first theorizations regarding the emergence of a transnational capitalist class, Friedland asserted that it followed that some new state form would emerge to perform the role of the “executive committee” of a new transnational bourgeoisie.<sup>45</sup> But this is not the case and this seemingly logical step ignores the resilience of nation-states, which has been addressed in a different way by Weiss.<sup>46</sup> Both Gill’s and Robinson’s theorizations of global capitalism mirror Leslie Sklair’s ideas about a putative transnational capitalist class.<sup>47</sup> However, they take this one step further, with Stephen Gill arguing that at globalization’s core is an increasingly dominant fraction of the capitalist class, namely, large-scale financial investors and transnational corporations that control immense amounts of the global economy and that are the main powers in global trade and the financial markets. These push for a reconfiguration of the state, namely, the creation of a transnational state apparatus.<sup>48</sup>

We can certainly agree that “we need to expunge state centrism from our paradigms and shift the level of analysis from nation-state capitalism in an inter-state system to global capitalism and an ongoing process of capitalist class formation across countries and regions.”<sup>49</sup> However, where we must part company with the transnational state thesis is when claims are made that states already act as transmission belts for the spreading of global capital and that national states are mere “filtering devices” in pressing forward the agenda of monopoly capitalism. This is practically the same as arguing that the old capitalism is no more and that an integral imperialism has emerged. Interestingly, Vladimir Lenin long argued that this was impossible:

Pure imperialism, without the fundamental basis of capitalism, has never existed, does not exist anywhere and will never exist . . . Nowhere in the world has monopoly capitalism existed in a series of branches, without free competition, nor will it exist.<sup>50</sup>



Indeed, “the transnational state thesis . . . offers a flattened ontology that removes state forms as a significant spatial scale in the articulation of capitalism, levels out the spatial and territorial logics of capital accumulation, and elides the class struggles extant in specific locations.”<sup>51</sup> Globalization and the increasing transnationalization of production chains do not imply that modes of production take place in a transterritorialized class vacuum. In fact, capitalist exploitation must always take place somewhere, that is, in a spatial location, which given the current global order, means within the territories of sovereign states.<sup>52</sup> As Achin Vanaik reminds us, the nation-state remains important:

TNCs have their “home” bases where the most powerful economic levers of research and financial control reside, and where the links to “their” state can provide the most powerful political levers to serve their company interests. This means that inter-capital rivalries and tensions will to some degree translate into inter-state rivalries and tensions that could add to already existing tensions deriving from historical territorial disputes or from geopolitical needs or from ideological differences. Since such inter-state rivalries are far more dangerous and potentially de-stabilizing than rivalries between capitals, they must somehow be managed and defused.<sup>53</sup>

Neoliberal globalization and the development of new transnationalizing social forces have thus not led to the emergence of a transnational state. This is because were this to happen, it would require a unified class consciousness that brings about a global comprehensive concept of control which in turn assumes a state-like global apparatus and (crucially) an international terrain where competition had been overcome.<sup>54</sup> This is improbable because despite transnationalizing processes, the national basis of power cannot be ignored: capital, no matter how internationalized it is in form and character, does not lose its “national” identity.<sup>55</sup> As the European Union demonstrates, even when the internal bourgeoisie is strongly transnationalized and in favor of a superstate that elides national sovereignty, the contestations and contradictions within each national space mean that this is a utopian project (in the European Union’s case, of possibly doubtful longevity).

Rather, there has advanced a restructuring within various state formations of new relationships of social forces expressed through class struggles between fractions of capital and labor. Obviously, such processes are variegated across time and space. This emphasis on the internalization of class interests within the state, through a transnationalizing extension of social relations, is very different from arguing that states are now transmission belts from the global to the national level.<sup>56</sup> Even in states where neoliberalism and transnationalization has arguably been deepest in its penetration, the nation-state still matters and “States . . . have demonstrated clear interests in capturing the benefits of deepening financial market integration *without* fundamentally compromising their ultimate political authority over the process.”<sup>57</sup> It remains so that the persistent importance of territory administered by the state as the framework for capital accumulation and global power politics continues.<sup>58</sup>

There is certainly an interpenetration of national capitals and greater and greater interaction and cooperation between and among leaders of the transnationalizing capitalist class based in different states. These connections replicate the restructuring of thinking vis-à-vis the global economy from a primarily international economy approach of competition for colonies and export markets as well as sources of raw materials (ever present in the history of capitalism) to thinking about the globalized world economy in terms where the home country is one market among many others. Profit maximization is of course globally organized, but state power over different facets of territorial integrity is not cheerfully given up.<sup>59</sup>

Of course, transnational capital seeks to place itself above the nation-state toward which it “tends to take an instrumental and conflicting attitude—‘instrumental’ because it seeks to bend the state to its own interests . . . ‘conflicting’ because the shift of its interests into a global space generates difficulties in national economies.”<sup>60</sup> But national states still provide the necessary mechanisms and take charge of the interests of the imperialist capital in its development within the national social

formation as Poulantzas noted. Indeed on the material level, deregulation, labor fragmentation, productivity, and profit maximization can only be ensured within a juridical territorial context that is national. In this sense, far from dispensing with national states' functions and services, the extended reproduction of the accumulation of international capital is totally dependent on their constant intervention.<sup>61</sup> As Jerry Harris notes,

Although capitalist expansion has led to a transnational economic system, this doesn't mean that all national forms and expressions of capital have been swept away. As with the century-long development of industrial capitalism, transnational capitalism is undergoing an extended process of consolidation. Each country assimilates into global production, finance and governance at its own pace, determined by many historical and cultural factors. Consequently, national rivalries can still be expressed on the international political stage.<sup>62</sup>

The way transnational capitalism is reproduced within institutionalized spaces changes these state forms in the process. Power blocs are not limited to the purely national level but instead, global contradictions are reproduced within each national power bloc, national state, and wider state-society complex. The interests of foreign capital are represented by certain fractions of the interior bourgeoisies within the power bloc and also have access, through divergent channels, to the state apparatus.<sup>63</sup> As Poulantzas noted, at a time when American fractions of the transnationalizing bourgeoisie were arguably dominant:

The modifications of the role of the European national states in order to assume responsibility for the international reproduction of capital under the domination of American capital and the political and ideological conditions of this reproduction bring about decisive transformations of these state apparatuses.<sup>64</sup>

Thus, the state has to intercede between the peculiar interests of competing class fractions of capital, which may encompass policies that may go against the concerns of a particular fraction, the goal being the securing of capitalist relations in the medium term to long term. Additionally, those who control the state organize hegemony by imposing certain concessions and sacrifices on the dominant classes in order to reproduce long-term domination. "The state concentrates not only the relationship of forces between fractions of the power bloc, but also the relationship between that bloc and the dominated classes."<sup>65</sup>

The argument underpinning the transnational state thesis appears to stem from the common interpretation of the most familiar of all the Marxist formulations on the state, that which is to be found in the *Communist Manifesto*, where Marx and Engels asserted that the modern state was merely a committee for overseeing the shared interests of the bourgeoisie.<sup>66</sup> This has regularly been interpreted as meaning not only that the state acts on behalf of the dominant class, but that it also acts at the bidding of that class, which is quite different. The notion of *common* affairs presupposes the actuality of *particular* ones, while the notion of the *whole* bourgeoisie suggests that there exists separate elements that constitute that whole. This being so, there is a recognizable need for an organization of the kind Marx and Engels refer to (i.e., the state). This state cannot meet these aforementioned needs without possessing a certain degree of autonomy. Thus, the concept of autonomy is itself entrenched in the definition of the capitalist state itself.

What this means is that the state, then, is not a simple class instrument or a subject or "thing" that directly represents the interests of dominant classes. It is not a mere transmission belt and the dominant classes consist of several class fractions that constitute the state. Indeed, the state is the concentration of various relations between classes and class fractions within the state apparatus.<sup>67</sup> It is true that states may be structurally biased in favor of powerful sections of society, yet a certain

autonomy and set of general functions exist which cannot be reducible to claims of serving specific class interests. The state then enjoys a *relative autonomy* with respect to these classes and fractions of classes and outcomes are dependent on specific moments and the balance of class forces.<sup>68</sup> Yet, lest the meaning of this phrase is misunderstood, it should be made clear that relative autonomy *does not* mean a distancing from capitalist social relations of production. Rather, that the state experiences relative autonomy vis-à-vis the classes and fractions of classes that support it.<sup>69</sup>

The emergence of transnational class fractions does of course lead to various forms of state restructuring, which is essentially what we may dub the neoliberal counterrevolution against welfare compromises. These transnationalizing class forces of capital do not challenge the state as an outside agent (“the transnational state”) but are intimately enmeshed in the continuous class struggles over the dominant hegemonic project within the nation-state configuration. The precise manner by which this all plays out and the degree to which transnationalizing interests are adopted within specific state formations requires close analysis and will obviously differ from state to state according to the diverse relationships of social forces and the different institutional arrangements at the national level, which themselves are expressions of the diverse historical paths which each state formation has experienced. This “needs to be taken into account when analyzing the internal relations between the inter-state system and globalization.”<sup>70</sup>

## Conclusion

A key problem with the transnational state thesis is that the specific historicities of each national state and the social formations that constitute these are merged into one entity: “the state.” This violates Marx’s own assertion that:

Nature does not produce on the one hand owners of money or commodities, and on the other hand men possessing nothing but their own labor-power . . . It is clearly the result of a past historical development, the product of many economic revolutions, of the extinction of a whole series of older formations of social production.<sup>71</sup>

Quite obviously, economic relations cannot be abstracted from their social and historical settings and the broader interests they serve.

Thus, the task is not to investigate whether the interstate system has been replaced by a transnational state but to conceptualize the internal relationships between an enduring state system and an evolving global capitalism with regard to the current transnationalization of production processes.<sup>72</sup> Indeed, the debate should be over the role that nation-states play in promoting home-based capitalist interest. These are necessarily those with a global vision and reach and which are the most powerful in terms of political/economic influence. Thus, determining decision-making processes and outcomes grounded upon the interests of a putative transnational capital class is different from whether an actual transnational state has emerged.<sup>73</sup>

The transnational state thesis obfuscates class struggles and assumes an omnipotent capitalism (and omnipotent unified ruling class) which in some way demolishes national histories. The problem with this thesis is that such assertions ignore the different outcomes that different class struggles within different states have resulted in. What this means in practice is that divergent forms of transnationalizing ruling classes reformulate state–society complexes specific to the historical trajectories of spatial formations.<sup>74</sup> Consequently, neoliberalism has come to be manifested in highly variegated forms that differ vis-à-vis the role of the state in the economy, capital, and labor market regulations, and so on. This all depends on previous institutional agreements, specific class alliances and social formations, and, of course, history.<sup>75</sup>

Competition among capitalists continues, but now it also takes place among and between oligopolistic clusters in a transnational environment. All of this throws into sharp focus the competition between transnational corporations based in the United States, Europe, and Asia to increase and diversify their production networks, the effect of which is to bring spaces into an all-embracing framework of competition both within and between separate enterprises.<sup>76</sup> In short, while we agree with focusing on transnationalizing capital and the class formations engendered by this, the idea of the transnational state is critiqued because it ignores the fact that states remain meaningful nodal points in the configuration of capitalist accumulation and because it fails to recognize the ongoing importance of how different expressions of capitalist development in its various stages is articulated between and within social formations.

The stability of the current arrangement is, however, open to speculation. Neoliberalism was advanced as a strategy to break with the class compromises of Fordism. As its transnationalization has continued apace, the relative balance of power between states and forces beyond the national space has shifted (even at the behest of the ruling classes). As the crisis of neoliberalism becomes ever more evident, the question of legitimacy has emerged, with elements railing against continuing “globalization.” Transnationalization has arguably undermined the relative autonomy of the state, resulting in conditions where state decision makers feel constrained—if not unable—to determine and follow through with long-term strategies and policies to solve the crisis. Their autonomy is seemingly often inadequate in facing down powerful fractions pushing for ever more integration.<sup>77</sup> The sort of intrapower bloc compromises necessary to craft a hegemonic project has been weakened by the imbalances in power as transnationalizing fractions have come to dominate the interior bourgeoisies of most industrial nations. As committed neoliberal ideologues have advanced the liberalization agenda further and further, a populist backlash, often couched in nationalist terms, has been engendered. How this develops in the future will likely have major implications for the global political economy.

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