State power beyond the ‘territorial trap’: the internationalization of the state

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Abstract

In recent years, neo-liberal and neo-Weberian scholars have waged fierce debates over whether or not the capacity of the nation-states to manage economic activity has been weakened by globalization. While siding with the neo-Weberians in their assertion that states retain substantial powers, this paper argues that both neo-liberals and neo-Weberians share a problematic assumption that states are anchored exclusively in the social forces deemed to lie within their national territories. By contrast, it is argued here that capitalist development has tended to promote internationalization of capital, and with this the internationalization of the state. A theoretical approach to internationalization of the state is then outlined, showing how specific factions of capitalist classes can end up sharing concrete interests in specific state policies across national boundaries. The potential for transnational coalitions among various fractions of capital, it is argued, has helped create the current hegemony of neo-liberal approaches among many Third World state officials. Internationalization of the state thus suggests a need to rethink both the bases of Northeast and Southeast Asian economic growth and the nature of the current crisis afflicting countries in those regions. It may prove to be the case that the states which played important roles in Asian industrial development did so less as national entities than as actors within an internationalized system of class and inter-state relations which resulted from historical opportunities no longer available to most developing countries. © 1999 Published by Elsevier Science Ltd. All rights reserved.

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Introduction

The 1980s were marked by two seemingly antithetical tendencies in theorizing about states. On the one hand, a strong neo-liberal current connected with the rise of Thatcherism–Reaganism—which was deeply imbued with neo-classical economic assumptions—called into question the power or competence of states, suggesting that the states which governed best were those which governed least. Advocates of this position who attended to Third World development issues were particularly convinced that the rise of East Asian newly industrialized countries (NICs), such as South Korea and Taiwan, constituted evidence that states could best facilitate economic growth and development by maintaining open, export-oriented regimes in which markets were allowed to work unhindered (Balassa, 1981; Little, 1981; Bhagwati, 1988).

On the other hand, by the late 1980s, a school of neo-Weberian scholarship developed in direct response to this neo-liberal approach. Taking issue with the neo-liberals’ characterizations of East Asian economic growth, a series of these neo-Weberian scholars showed that state intervention in the economy was far more extensive than the neo-liberals had allowed, and that moreover such interventions seemed to have been successful in fomenting industrial transformation (Evans et al., 1985; Evans, 1989, 1992, 1995; Amsden, 1989, 1990; Wade, 1990).

The neo-Weberians raised telling arguments and evidence against the neo-liberal position, and it is perhaps a small but significant sign of their success that the World Bank grudgingly acknowledged not only the heavy presence of the state in East Asian industrialization but also some limited efficacy to that presence, especially in the financial sector (World Bank, 1993; Amsden, 1994; Wade, 1996a). If this was a victory for the neo-Weberians, however, it may well prove pyrrhic now that the powerful South Korean growth dynamic has been stalled by forces which the Korean state appears to have difficulty controlling. Indeed, paradoxically perhaps, the more neo-classically inclined now seem to acknowledge the existence of ‘strong states’ in East Asia and use their existence not to explain economic success but rather to explain the economic meltdown which began in 1997.

While the debate being waged in these quarters is important and reflects crucial political differences between major players such as US and Japanese officials, the fact that the debate has so strongly defined the terrain on which discussions of the state occur is unfortunate. Like all debaters, the neo-liberals and neo-Weberians share certain assumptions which make their dialogue mutually intelligible—and as is often the case, these shared assumptions can be deeply problematic and difficult to discern amidst the contention.

I argue that neo-liberal critics of etatism and its neo-Weberian defenders share a crucial and problematic assumption regarding the nature of states—namely that states and their powers can for practical purposes be thought of as contained within the bounded territories over which they have formal sovereignty. In addition, many neo-liberals and some neo-Weberians also seem to assume that insofar as the forces of internationalization and/or globalization are increasingly important, it follows that state power is diminished—such power being fundamentally anchored in the nation-
state apparatuses which are being superseded by internationalization and globalization. These foundational beliefs produce varied responses, depending upon precisely how the authors in question view the phenomenon of increased economic integration. For the most ecstatic neo-liberals (e.g. Ohmae, 1995), increased international movement of capital in recent years indicates that states are indeed less and less capable of controlling or efficiently governing markets. Neo-Weberians, also being committed to the notion of state powers as fundamentally national in scale, but wishing to maintain the continued importance of these powers, have responded by insisting that globalization is less real and internationalization somewhat less significant than is typically advertised, with national production and consumption remaining at the core of economic activity. As Robert Wade puts the matter in a paradigmatic statement of the neo-Weberian position (Wade, 1996b:61):

The world economy is more inter-national than global. In the bigger national economies, more than 80 percent of production is for domestic consumption and more than 80 percent of investment by domestic investors...These points suggest more scope for government actions to boost the productivity of firms operating with their territory than is commonly thought...

Wade has backed this claim by convincingly showing that the globalization rhetoric emanating from business schools and the popular press opportunistically oversells the power of international capital and the weakness of states. Yet the sort of position which Wade articulates is in some ways defensive. On the one hand, even though it can be shown that the global economic integration currently occurring is not new and has not yet reached astronomical proportions, neo-Weberians nonetheless acknowledge that such integration has increased since the 1960s (Wade, 1996b:62–66; Weiss, 1997:7); and if the strongest argument against its importance is only that integration is now no greater than in 1913—when it had reached historically high levels—then the neo-Weberian response has certainly conceded something to the globalization camp.

More tellingly, though, the neo-Weberian response has not yet adequately explained why, if globalization is of limited significance, there should have been the wholesale movement of states—particularly in the Third World—in the direction of policy agendas favored by neo-liberals (Wade, 1996b:69–70; Weiss, 1997:15–16). No doubt states are not as overwhelmed by the power of capital as the globalizers claim, yet they routinely behave as if they are (Biersteker, 1995). Indeed, Wade’s wistful conclusion that “In the states of the South we may see a reassertion of the role of the state and even a deliberate step toward disintegration from the world economy for [a] distress-driven reason” seems somewhat unprescient in light of the current response of East Asian states to the economic crisis jolting the region (Wade, 1996b:88).

In several recent works, on the other hand, Linda Weiss picks up some of the basic themes articulated by Wade and crafts a more nuanced response to the issue of state capacity in the era of increased economic integration (Weiss, 1997, 1998). Weiss defines globalization as “the creation of genuinely global markets in which
loccational and institutional—and therefore national—constraints no longer matter”, contrasting this with internationalization, in which “economic integration is being advanced not only by corporations but also by national governments” (Weiss, 1997:4). A similar claim has been made by Peter Dicken, who argues that few international firms are truly ‘global,’ ‘footloose,’ or ‘borderless,’ and that most in fact rely heavily on the continued services of nation-states—including those services which facilitate increased global economic integration (Dicken, 1997).

Weiss has presented the implications of this sort of claim in straightforward fashion. She argues that there has only been very weak globalization of economic activity, though strong internationalization, and that state power has not declined but rather its adaptability to new circumstances has become more important (Weiss, 1997:6). Moreover, Weiss argues that ‘strong states,’ rather than being overrun and outmaneuvered by international capital, may actually facilitate internationalization of capital or ‘so-called globalization’ (Weiss, 1997:20–6). In sum, then, Weiss challenges the second of the assumptions shared by many of the neo-liberals and neo-Weberians—namely, that international economic integration is leading to the erosion of state power.

While Weiss’ views on the role of ‘strong states’ in promoting global economic integration seems well supported by the evidence from Japan, South Korea, and elsewhere in Northeast Asia, it is still problematic in that it recognizes only ‘strong states’ as progenitors of internationalization, while relegating states such as the second-tier NICs of Southeast Asia to the backburner, in spite of their very clear role in promoting internationalization and in undergirding high rates of Third World manufacturing growth. This seems in part to be the result of Weiss wishing to differentiate the Southeast Asian NICs from the original East Asian ‘tigers’ in order to marginalize the implications of the Southeast Asian economic crisis for her discussion (Weiss, 1997:4–5)—a move of dubious value given the crisis currently wracking South Korea.

But even more to the point, perhaps, is that Weiss’ linking only the ‘strong state’ with internationalization conforms to the neo-Weberian view that states can or should act primarily in response to domestic classes and social groups. The Northeast Asian states can be seen as promoting internationalization primarily as part of a strategy to strengthen the position of their own domestic constituents—particularly their capitalists, to a lesser extent other groups in society—but this is a characterization which would not so neatly fit the patterns of internationalization in Southeast Asia (Jomo, 1997; Schmidt, 1997a, b). Thus, even in what is in fact a very sophisticated and powerful rebuttal of neo-liberal claims about the powerlessness of states, the assumption that state power is most fundamentally linked to processes and social groups within the national territory retains its tenacity.

In this paper, I lay out theoretical groundwork for a different approach to this

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1 This argument has been supported in recent work by Ton Notermans on European social democratic states (Notermans, 1997) and by Michael Webber in his analysis of the Australian state and the apparel industry (Webber, 1998).
issue. I suggest that it is true both that internationalization of capital is increasingly important and, as Weiss and others argue, that states retain a crucial role in the international political economy. But unlike Weiss, I argue that what makes both phenomena simultaneously possible is not the strength or adaptability of states so much as “the internationalization of the state” (Cox, 1987; Picciotto, 1990; Panitch, 1994). I define internationalization of the state as a process in which the state apparatus becomes increasingly oriented towards facilitating capital accumulation for the most internationalized investors, regardless of their nationality. This process is a dimension of broader internationalization tendencies which, while not erasing national boundaries in the fashion predicted by the globalization literature, has nonetheless created a set of elite-based transnational alliances which strengthen the possibilities for internationalized capital accumulation based less on national priorities than on shared transnational class interests. Internationalization of the state thus forces social theorists to problematize the conceptions of the state which have been at the core of the neo-liberal/neo-Weberian debate. In particular, it demands that we think about states in a fashion which is at once more class-based—breaking down the sort of distinction between politics and economics which permeates both neo-liberal and neo-Weberian discourse—and more geographically nuanced—breaking down conventional distinctions between the national and international.

Towards this end, I outline a general theoretical approach to the internationalization of the state, referring particularly to the international relations and international political economy literatures in which this concept has been developed. I emphasize the complexities of class relations in an internationalizing economy and suggest how these can be thought to relate to the internationalization of the state. In addition, I foreground certain contributions which geographers have made to this theoretical approach. In doing this, I hope not only to bring geographical insights to the discussion of internationalization of the state but also to familiarize a broader audience of geographers with a thematic which might be fruitfully explored by those working in areas such as economic geography, political geography, and development geography.

**Beyond the nation-state container**

Recent works by political and economic geographers have begun to suggest that nation-states should not be identified fundamentally or exclusively with national territories or nationalist economic policies (Notermans, 1997; O Tuathail et al., 1998; Webber, 1998). In his discussion of transnational corporations and nation-states, for example, Dicken notes the internationalizing activities of states (Dicken, 1997). He points out that states, much like firms, compete with one another to gain material advantage, and that in doing so they “increasingly engage in strategic alliances with

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2 Weiss refers to the “internationalization of state capacity” (Weiss, 1997:4), but does not elaborate a conception of the internationalization of the state in the sense intended in this paper.
their competitors”—as for example in the promotion of regional free trade areas (NAFTA), customs unions (MERCOSUR), common markets (the European Community Market), and economic unions (EU) (Dicken, 1997:84–5). Thus, states operate transnationally, in certain respects, much as do corporations. But while this point helps loosen the conceptual connection typically drawn between the state and the nation, neither Dicken nor other authors who have written in this vein fully investigate the possibilities suggested by such a loosening.

To elaborate some of these possibilities, I begin with the theoretical argument advanced by John Agnew and Stuart Corbridge in their critique of international relations (IR) theories and International Political Economy (IPE) (Agnew and Corbridge, 1995). Agnew and Corbridge present three interrelated geographical assumptions which they argue have informed most varieties of IR theory. These assumptions are: (1) national spaces are fixed units of secure sovereign space; (2) a clean distinction can be made between the domestic and the international; and (3) the territorial state exists prior to and is a container of society (Agnew and Corbridge, 1995:83–4). In arguing for a reconstruction of geopolitical thought which is informed by IPE, Agnew and Corbridge note that such assumptions are made problematic by a number of contemporary economic realities—for example, by the fact that as much as 40% of what is counted as world trade may actually be movement of goods within the same firm, which makes any attempt to draw clean lines between what is internal and external to a national economy difficult at best (Agnew and Corbridge, 1995:91).

For Agnew and Corbridge, analyses which hew narrowly to the accepted practices of national accounting, without recognizing how internationalization of capital is breaking down some of the boundaries between national territory and its exterior, are examples of thinking which falls into the ‘territorial trap.’ Yet it is important to emphasize that the internationalization of capital which is making the idea of a national economy increasingly problematic is less a persistently observable empirical phenomenon than a deeply ingrained structural tendency of capitalist development. Internationalization is an uneven process which can be counteracted by various forces at particular points in time—e.g. war, economic crisis, etc.—and thus may not be immediately manifest as an empirical reality; but it is nonetheless a perpetual underlying urge of the capitalist accumulation process. This is a point which has long been argued in the political economy literature (Murray, 1975; Palloix, 1975; Weiskopf, 1978; Cypher, 1979; Marcussen and Torp, 1982; Jenkins, 1987), and which has gained particular attention from geographers (Harvey, 1982, 1985; Storper and Walker, 1989).

Without recapitulating this literature here, I wish to outline several major points regarding the internationalization of capital which undergird the conception of internationalization of the state which I will discuss below.\(^5\)

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\(^3\) The basic arguments are also presented in Agnew (1994a, b).

\(^4\) A related but distinct critique of the viewing of nation-states as containers is developed by Taylor (1994, 1995).

\(^5\) These points are discussed in detail in Glassman (1999).
The internationalization of capital is the internationalization of the classes in capitalist society. This means, in particular, that capitalists and urban-industrial workers become more globally ubiquitous (Harvey, 1982). Moreover, production processes and class relations involving these groups are in the process of actively stretching across space (Storper and Walker, 1989; Massey, 1995), not infrequently across international boundaries. This can take the form of increased exploitation of a ‘national’ labor force by ‘international’ capital, but it can also take the form of increased communication and coordination of activities between workers of different nationalities (Herod, 1995, 1997a, b, c, 1998) and between capitalists of different nationalities (Shoup and Minter, 1977; Sklar, 1980).

The latter of these phenomena is of particular significance to the post World War II process of internationalization, since the US government has acted—through foreign assistance, international training programs, and other measures—to create a like-minded international business and governmental elite (Cox, 1981, 1987; Biersteker, 1995). Thus, crucial positions within the upper echelons of both the capitalist class and the capitalist state are increasingly peopled by groups with similar ideologies and class interests (especially in increased international trade and investment). Such elites often share not only an abstract worldview but a common language (English), common technical skills and training, and common consumption norms that set them apart from most inhabitants of the Third World (Bell, 1991; Nagar and Faust, 1996; Jones, 1998). Thus, the fact that the majority of smaller capitalists and laborers remain more place-bound and provincial in outlook—corresponding no doubt to the statistical significance of domestic economic activity cited by neo-Weberians—cannot be taken as evidence that capitalism is tightly wed to national strategies of accumulation. Indeed, it remains clear that capitalism is perhaps distinct from all other known forms of socio-economic organization in the intensity of its internationalizing tendencies—and these tendencies are generally most developed within the most powerful fractions of the capitalist class, who have gained the most from past rounds of internationalization.

Internationalization of capital, as a long-term tendency, has been directly connected with the phenomenon of imperialism. This was more transparent in earlier periods of internationalization, when colonialism was the preeminent form of imperial control. The colonial model, however, is misleading as a general model of imperialism in that it foregrounds the national dimensions of domination when these have been increasingly subordinated to the class-relevant dimensions of imperial projects. Contemporary theories of imperialism (e.g. Baran, Sweezy, Frank, Amin, Wallerstein) have framed the discussion in terms of core–periphery relations, and while this geographic imagery can be instructive it can also mask such class-relevant processes (Brenner, 1977; Harvey, 1982).

Imperialism is most usefully seen as an expression of capitalism’s development (Smith, 1991), in which more powerful accumulation processes in capitalist core areas allows the formation of alliances linking the interests of both core and peripheral area elites with those of core area workers (Galtung, 1971). In such alliances, a stratum of peripheral elites and a larger and more complex group within core areas benefit from the ‘super-exploitation’ of workers in peripheral areas (Harvey, 1985;
Imperial alliances rely heavily on the collaboration of peripheral elites who both benefit from and endorse a capital accumulation process linking core and periphery (Jones, 1998)—even if in the form of ‘dependent development’ (Cardoso and Falletto, 1979; Evans, 1979). These ‘liaison groups’ (Petras, 1978), or ‘transnational kernel’ (Sunkel, 1973; Evans, 1979), are frequently the most dynamic ‘local’ forces promoting industrial growth within the periphery. Thus, while their performance in helping give rise to Third World manufacturing development can be seen as undermining assertions of perpetual ‘underdevelopment’ in the global periphery (Frank, 1967), their relationship to internationalization processes suggests that the development they help foment cannot be properly regarded as a narrowly national phenomenon. At the same time, the participation of core country elites in these alliances does not typically make core countries or states as dependent on transnationalized accumulation as peripheral states. Thus, imperialism expresses the unevenness of capitalist internationalization.

(3) Internationalization of capital is not merely an economic phenomenon but implies a much broader set of social transformations. Imperialism, for example, is not simply a matter of economic domination but has crucial and interrelated political, cultural, and ideological dimensions which affect both the general structures of the dominated societies and their patterns of capital accumulation (Petras, 1978; Slater, 1989). In addition, reproduction of capitalist social relations does not occur mechanistically, and so the process of spreading capitalist relations throughout the periphery requires a complex struggle to find appropriate ‘modes of regulation’ for an increasingly internationalized process of accumulation (Jessop, 1990a, b; Overbeek and van der Pijl, 1993). Moreover, social reproduction in the broadest sense demands the explicit or implicit negotiation of ‘gender contracts’ which allocate various responsibilities between men and women and these contracts both affect and are transformed by internationalization (Deere, 1976; Benería, 1979; Nash and Fernandez-Kelley, 1983; Standing, 1989; Duncan, 1994; Cravey, 1997, 1998).

In sum, then, internationalization of capital is a complex, multi-faceted tendency which is not always manifest and never uniform but which is nonetheless regularly expressed in actual development processes, especially within the global periphery. Most significantly for the discussion that follows, it has helped generate a highly transnationalized elite, dominated (though not peopled exclusively) by men. It is the presence of these elites within a broader alliance of class forces which helps give a shape to internationalization more palpable than what is betrayed by aggregate economic data.

The capitalist state

There is by now an enormous literature on the capitalist state, written from a variety of perspectives, and I will not attempt to review this literature here. I start
from the assumption that class relations and the capital accumulation process have crucial constraining and enabling effects on the forms and functions of capitalist states. Yet these class forces do not mechanistically produce the sort of capitalist state needed for the reproduction of capitalist social relations and so the fit between the forces at work within the accumulation process and the specific activities of the state is always somewhat loose and underdetermined. For this reason, we can speak of the state ‘as the site of class(-relevant) struggles and contradictions,’ but we also need to be aware that it is “the site of struggles and rivalries among [the state’s] different branches” (Jessop, 1990b:261).

The state, as this suggests, is not a unitary or homogeneous entity but rather is an ensemble of different institutions among which there is enough contention to insure that there is no simple, mechanical production of the kinds of policies favored by any one element of the capitalist class. As Bob Jessop puts it “The state is a specific institutional ensemble with multiple boundaries, no institutional fixity and no pre-given formal or substantive unity” (Jessop, 1990b:267). But this lack of institutional fixity is not merely the result of some loosely conceived relative autonomy of the state or of the actions of individual state managers vying for power through the use of state mechanisms. Rather, it is inherent in the nature of state power, since the state has no power of its own but only a set of institutional capacities:

...the power of the state is the power of the forces acting in and through the state. The forces include state managers as well as class forces, gender groups as well as regional interests, and so forth. State power also depends on the forms and nature of resistance to state interventions—both directly and at a distance from the state. (Jessop, 1990b:269–70).

This sort of ‘society-centered’ view of the state—in which the state is seen as being fundamentally enabled by the forms of power and struggle emanating within the broader society, rather than as representing any permanent congealed power in its own right—is not incompatible with the notion that state activity is crucial to the reproduction of capitalist society. Indeed, as Jessop’s work argues in great detail, it is necessary for capitalist classes to struggle through the institutions of the state to create the conditions for reproduction of capitalism since these conditions cannot be guaranteed within the market itself. State functions are not optional but are in fact necessary for capitalism. But there is no guarantee that the particular functions capitalism as a whole needs for its reproduction will come into being through the state because the state is not a unitary whole in which plan-rational activity readily takes place. Rather, the state internalizes struggles within the broader society and this also internalizes society’s fractiousness. Consequently, the actual activities of the state

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8 State managers can, of course, be argued to have an interest as managers in specific outcomes such as limiting inflation (Notermans, 1997; Brenner, 1999). But the ability of state managers to act on such interests is likely to be heavily conditioned by their ability to mobilize large blocs of capital behind their agendas, since capitalist states do not control most of the investment decisions necessary for economic stability and are thus readily subject to destabilization by capital strike (Block, 1977).
do not depend narrowly on the forms and functions of the state at any given time but rather on how these are produced and reproduced through social struggle. This shifts the analysis of the state not only to an examination of the dialectic between social forces and state forms and functions but to the strategies adopted by different social actors in struggles over the capital accumulation process.

It is for this reason that Jessop calls the approach to the state which he elaborates—and which I fundamentally adopt here—a ‘strategic-theoretical’ view of the state. The approach is strategic in that while acknowledging the state as the site of class (-relevant) social struggles it also acknowledges the underdetermination of any outcomes at the level of the state; that is, the capitalist class structure in general does not determine specific outcomes. Rather, these must be determined through the strategic activities of specific classes and class fractions engaged in social conflict and collaboration (Jessop, 1990b:262–69). This approach, then, draws attention to the existence not only of classes and class fractions but to their active engagement in alliance formation, through the institutions of the state, as part of the process of political contestation. I will take up this sort of view and discuss internationalization of capital and the process of alliance formation with the aim of drawing together observations about class fractions and their relationships to state activities.

Class fractions and the internationalization of the state

In a formative discussion regarding the internationalization of capital, Robin Murray makes several important, general points (Murray, 1975). Murray starts from the observation of a ‘territorial non-coincidence’ between the economic reach of international firms within the global economy and the political reach of nation states which have economic responsibilities vis-a-vis these internationalized fractions of capital (Murray, 1975:107). The issue which needs resolution here, for Murray, is how the economic functions which capital needs the state to carry out can in fact be carried out, given this non-coincidence. Murray provides a lengthy discussion of these economic functions, which need not be reviewed here, but which include most of the well-known activities of the state, from maintaining capitalist property rights and providing infrastructure and educated workers to maintaining social consensus and absorbing surplus production (Murray, 1975:110–17). The crucial point is that the extension of capital across international boundaries makes possible more complex relationships between capital and the state than what is conceived to be the case when capital is assumed to have a nationality:

When any capital extends beyond its national boundaries, the historical link that binds it to its particular domestic state no longer necessarily holds. A capital which has extended itself in this way will require the performance of the primary

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9 Such a view is similar to that articulated by O’Conner (1973) in his suggestion of a conflict between the accumulation and legitimation functions of the state, since this view is grounded in the notion that class struggle is expressed within the state.

10 A useful review of this and other aspects of Murray’s work is provided by Panitch (1994).
public functions for its operations. But the body which performs them need not be the same as the body that performs them within the area of the capital’s early development (Murray, 1975:119).

Murray identifies five possibilities here. First, the domestic state can perform the functions for overseas capital through geographic expansion, as with colonialism. Second, the domestic state can arrange for foreign structures to carry out the functions through neo-colonial policies. Third, internationalized capital may perform the functions itself, either singly or in conjunction with other capitals. Fourth, foreign states may already be performing the necessary functions or may be willing to do so of their own accord. And finally, existing state bodies may carry out the necessary functions in cooperation with one another (Murray, 1975:120–2).

The main point here is to note that discussion of the relationship of capitalist internationalization to internationalization of the state needs to begin with recognition that a central part of the latter process is the negotiation and coercion used to establish the precise roles of various states in carrying out these economic functions. The internationalization of capital, in short, does not imply that capital transcends the state. In Nicos Poulantzas’ words, “internationalization of capital neither suppresses nor by-passes the nation states” (Poulantzas, 1978:73). Instead, internationalization implies that the narrow association of the most internationalized fractions of capital with particular nation-state apparatuses does not hold and thus the process of determining how necessary state functions will be carried out becomes more complicated. As Poulantzas puts it (in referring to the relationship between US and European capital specifically):

...capital which overflows its national limits certainly has recourse to national states—not only to its own state of origin, but to other states as well. This gives rise to a complex distribution of the role of the state in the international reproduction of capital under the domination of American capital, which can lead to the exercise of the state functions becoming decentered and shifting among their supports, which essentially remain the national states. According to the conjuncture, any one or other of the metropolitan national states may assume responsibility for this or that international intervention in the reproduction process, and for the maintenance of the system as a whole. (Poulantzas, 1978:82–3)

With recognition of ‘territorial non-coincidence’ in mind, then, I now look in more detail at the issue of how capital is fractioned in order to see what this suggests about the way states become internationalized. A useful approach to this has been presented by Richard Bryan (1987). Bryan argues against treating geographic divisions between ‘foreign’ and ‘domestic’ capital as either stable or fundamental

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11 A possible criticism of Murray’s approach can be forestalled here by citing Panitch (1994:65): “To speak in terms of functions is not necessarily improperly ‘functionalist’ insofar as the range of structures that might undertake their performance, and the conditions which might mean their non-performance, are explicitly problematised. Murray explicitly did this...”
in and of themselves. Instead, Bryan returns to the circuits of capital identified by Marx—namely the transformation of money capital (investment) into commodities (productive capital) which can be used to produce more commodities that are sold and thus re-transformed into money capital (realization of value), enabling the circuit to begin again (reproduction) (cf. Webber and Rigby, 1996:454-7). Bryan identifies four different types of capital in relation to this circuit, the distinctions between fractions being based on their current strengths and weaknesses within the global market. First, there is capital which, regardless of its formal ‘nationality’, not only produces commodities within a given national space (this being true of all forms of capital) but which must realize value by selling products and reinvesting in production within that same national space. This fraction of capital, which is historically associated with import-competing industries, Bryan refers to as the ‘national’ fraction. Juxtaposed to this is a fraction of capital which though producing within a nation-state can sell on global markets and reinvest in production beyond the borders of the nation-state in which the original production process took place. This fraction, for which the TNC would be the paradigm, is referred to as ‘global’ capital. But there are two other fractions which can be delineated in relation to this circuit. One is capital which Bryan calls ‘investment-constrained’. This is capital which can sell on international markets but cannot consider international production because it is not large-scale enough. A final fraction of capital is capital which is ‘market-constrained’. This is capital which can invest internationally but can only sell the products thus produced within the national markets where those products are produced. This may again be a circuit for which TNCs are paradigmatic, but in this case the TNCs do not invest in order to export but rather to compete on the domestic market (Bryan, 1987:264–6).

Bryan’s point in making these sort of distinctions is to show that different fractions of capital benefit from different kinds of state policies. Moreover, these interests themselves are in part shaped in advance by the existence of state policies. Thus, a period in which import-substitution policies are dominant will tend to be identified with the dominance of national and market-constrained capital. By contrast, a period such as the present, where states are undoing many barriers to specific forms of capital movement is associated with the rising importance of global capital (Bryan, 1987:271). The utility of identifying fractions of capital in this way is that despite the oversimplicity—for example, many TNCs produce both for local markets and for export markets—the fractions thus illustrated highlight the structural basis for collaboration between fractions of capital across national territories. For example, both investment-constrained domestic capitals and global capital can benefit from state policies promoting exports. On the other hand, TNCs which invest in order to produce for local markets may be comfortable with import-substitution policies which are also favored by market-constrained domestic producers. In short, the positioning of fractions of capital leads to possibilities for alliances which transcend national boundaries and which are grounded in objectively similar interests in particular kinds of state policies. State policies may thus simultaneously serve certain ‘domestic’ and certain ‘foreign’ fractions of capital. This is one foundation for the
development of an internationalized state which can function to facilitate capital accumulation by foreign nationals within its own national territory.

Another structural support for international alliance-building within the state can be explained by further elaborating on the relationship between the three circuits of capital highlighted in this discussion—namely, the money circuit, the commodity circuit, and the productive circuit. Circulation of capital necessarily involves all of these circuits, but the spatial relationships between fractions of capital identified with each shape the character of the accumulation process in crucial ways. Rob Steven (1994, 1996) argues that it is the interrelationships between these three fractions—and in particular the strength and interpenetration of each—which determines the strength of a given national accumulation project. For Steven, for example, the power of contemporary Japanese imperialism is a function of the keiretsu networks and the way they interweave banking, trading, and productive capital in order to extend their activities across different geographical zones.

This perspective provides insight into why Third World states should frequently find alliances with TNCs and imperial states to be both necessary and useful. In general, the uneven development of capitalism has meant that for many developing countries the fractions of capital are unevenly developed. Most typically, Third World countries are weak in the development of productive industrial capital, though the most underdeveloped economies may also have weakly developed trading and banking sectors. Since successful capital accumulation requires that all three fractions of capital be well-developed, Third World states and their ‘domestic’ capitalists frequently find it necessary to build alliances with the more advanced sectors represented by TNCs and imperial states (Cardoso and Falletto, 1979; Evans, 1979). Given this structural affinity of certain fractions of capital within the Third World for TNC capital, it is not surprising that Third World states should often court TNC investment.

Fractions of capital and state institutions

This conception of the relationship of fractions of capital to the orientation of the state can now be expanded through examination of concrete ways in which capital shapes specific institutions of the state. Here, much work has already been done by authors looking at the development of the imperial state apparatus.12 For example, James Petras and Morris Morley argue that the state apparatus within the imperial state is by no means a unitary entity and that certain specific institutions which are associated with specific fractions of internationalizing capital have played the most significant role in the formulation of imperial state policies. The institutions which they note for the case of the United States are divided into three categories: (1) economic, (2) coercive, and (3) ideological. The economic institutions can in turn be divided into those which serve particular forms of capital (e.g. the Department

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12 For an excellent (and more recent example), paralleling the work of Petras and Morley in many ways, see Cumings (1990:26–30).
of Agriculture) and those performing specific tasks that cut across different capitals and promote foreign investment generally (e.g. the Treasury, Commerce, and State Departments). Even within the latter group, it should be noted, certain departments may develop a particularly close working relationship with particular fractions of capital; for example, the Commerce and Treasury Departments are likely to have strong ties with TNCs (Petras and Morley, 1981:15-16).

However one regards the specifics of their argument, there are several general features of Petras and Morley’s account which are especially worthy of note. First of all, the imperial state apparatus is seen as fractured in complex ways: first, between agencies representing the interests of more specific blocs of capital and those representing the more general interests of capital as a whole; second, between agencies closely tied to specific blocs of capital which may be competing with one another; and third, between agencies which have differing types of functions (e.g. military versus ideological). There are not always strict dividing lines between institutions based on these sorts of categories—for example, military institutions may carry out economic, military, and ideological projects simultaneously. Nor do the specific divisions of constituencies or responsibilities prevent collaboration between institutions at crucial points in foreign policy processes. But the sorts of distinctions drawn here provide a useful first cut for analyzing how specific blocs of capital might end up competing, negotiating, and collaborating with one another, within the institutions of the imperial state, over the orientation of foreign policies.

Three further notes about Petras and Morley’s account are in order. First, the authors point out the fractions and complexities within the imperial state, but they do not draw out similar complexities within the countries of the periphery. Yet the periphery is not dominated as an undifferentiated region (Petras, 1978; Evans, 1979). Thus, there is a need to examine how the social cleavages within peripheral areas are manifest in cleavages within the peripheral capitalist state. Second, it is significant that all of the institutions and social constituencies which Petras and Morley describe as integral to the imperial state are by definition, internationally-oriented. This in itself suggests, as has already been noted, that all fractions of capital have internationalizing tendencies, and that these are particularly manifest in the core of the global economy, where capitalist classes are strongest and most well-developed. Furthermore, even certain non-capitalist classes within the core, such as industrial workers, have participated indirectly in the activities of the imperial state, with specific institutions (putatively) acting internationally on their behalf (Sims, 1992; Rupert, 1995; Herod, 1997b). This points to the need to examine the class coalitions within core countries which underpin imperial state activities. Third, Petras and Morley note the significance of factors beyond the merely economic in the evolution of imperialism, highlighting the use of both coercion and ideology as tools of imperial policy.

To work out a few more of the details regarding the internal complexities of the peripheral state, it is helpful at this point to examine the claims about state power which have been advanced by Robert Cox (1981, 1987, 1992). Cox argues—much as do Jessop, Petras and Morley—that the state is not a homogeneous entity but an ensemble of institutions, and that furthermore, the most internationalized segments of capital have been most powerfully represented within particular sections of the
nation-state apparatus. Specifically, Cox suggests that certain agencies of the state have been given precedence by the internationalization of capital and have been pulled more tightly within the jurisdiction of the imperial state system. These would include agencies such as ministries of finance and prime minister’s offices, which as Cox notes are “key points of adjustment of domestic to international economic policy.” By contrast, Cox argues, “Ministries of industries, labour ministries, planning offices, which had been built up in the context of national corporatism, tended to be subordinated to the central organs of internationalised economic policy” (Cox, 1981:146; Cox, 1992:31).

The specific characterization of ministries which Cox suggests in this account is not of particular concern here, though his focus on the arena of finance as particularly internationalized accords well with the notion that money capital has become the leading edge of internationalization processes in recent years (Harvey, 1989; Overbeek and van der Pijl, 1993; Corbridge et al., 1994). What is of greater concern, however, is his general point that state agencies can be seen as having stronger or weaker affiliations with fractions of capital that are more or less internationalized. Using Bryan’s terminology, we might suggest that ‘global’ fractions of capital, which sell on global markets and reinvest internationally, will be likely to have strong connections within particular segments of the state (such as commerce and finance ministries) that are crucial for the internationalization of goods and reinvestible surplus. The global fraction here would include both ‘foreign’ TNC capital and ‘local’ capital that sells and invests abroad. This is not to say, either, that other fractions of capital might not fight for control within such agencies. But since these less-internationalized fractions have perhaps more stake in policies other than deregulation of money capital—for example, in industrial policies that would benefit those producing goods for local markets—they may expend less effort on control of the most internationalized ministries.

Placing this description of the orientation of specific ministries in the context of inter-state relations, Cox characterizes the interactions between leading states within the global political economy as involving a hierarchically structured process of consensus formation between state actors which involves the adjustment of internal state structures “so that each can best transform the global consensus into national policy and practice, taking account of the specific kinds of obstacles likely to arise in countries occupying the different hierarchically arranged positions in the world economy” (Cox, 1987:254). The fact that the system is hierarchical is crucial, because while consensus can be relied upon to generate the internal adjustment process at the top of the system, coercion and the exercise of cultural imperialism are more prevalent in the relations between state apparatuses at opposing poles of the global hierarchy. As Cox puts it in discussing Third World states:

The top-level countries in effect jointly fix the parameters of the developmental options of late-industrializing countries. Third World elites do not participate with the same effective status as top-level elites in the formation of the consensus. The consensus does, however, gain ideological recruits and places ideologically conditioned agents in key positions within Third World countries. The networks
through which international finance flows to these countries are staffed within these countries (e.g. in top positions in central banks and finance ministries) by people who have been socialized to the norms of the consensus and of its professional cadres. These people are often graduates of major advanced-capitalist-country universities and have often passed through the IMF Institute and similar bodies that bring Third World technical financial personnel into personal contact with the milieu of international finance. (Cox, 1987:260–1).

The development of a Western-trained technocratic elite within the Third World state is an important theme to which I will return. But even with the presence within Third World states of such an elite, attuned to the broader international capitalist consensus, “[t]he internationalizing of the Third World state is more openly induced by external pressures than the internationalizing of the advanced capitalist state is and thus provokes more awareness and resentment” (Cox, 1987:265). Consequently, force is a fairly routine handmaiden of the internationalization process within the Third World state.

**Imperialism and the internationalization of the peripheral state**

The account of the internationalization of the state which has been developed so far suggests the need to foreground imperialism and its effects on the forms of peripheral states. Imperialism, again, is not a matter of one nation-state dominating another, but neither is it a process of particular blocs of capital dominating a nation-state. Rather, it is a complex process by which particular fractions of capital, acting through particular branches of the imperial and peripheral state, act to facilitate the forms of internationalization of capital most relevant to their interests. But since this involves the strategic maneuvering insisted upon by Jessop as central to state activity, it is never a simple expression of class-fractional interests but rather a process of class (-relevant) struggle enacted through coalition-building both outside and within the state.

Cox notes that the imperial state system involves “inter-state institutions such as the IMF and World Bank, symbiotically related to expansive capital, and with collaborator governments...in the system’s periphery” (Cox, 1981:143). But it is equally important to note, in an era when money capital has the appearance of being a power unto itself, that the imperial system has historically been underwritten by the direct use of military force. As Petras and Morley bluntly state the matter, “The multiplicity of coercive regimes and their continual reproduction lead us to identify force as the central element of the imperial system...” (Petras and Morley, 1981:9). Given the significance of force, one of the crucial characteristics of peripheral states is not only that they are highly penetrated by multinational capital but either directly or indirectly by the political and military forces of the imperial state: “Political and military organizations and cultural institutions contain leaders, formed and loyal to the ideas and definitions of reality formulated in the imperial centers” (Petras and Morley, 1981:17).

One of the major instruments of imperialism has been military aid and the collab-
oration of military forces which allows the military agencies of the imperial state access to the territories of the peripheral nation-state. This process of collaboration has implications which go far beyond narrow concerns about militarization, since military penetration has been a major means for fomenting the broader process of modernization. But what is highlighted here is the general point that among the forms of inter-state collaboration which are part of imperialism and the internationalization of the state is the direct representation of core area military forces within the peripheral state—these core area military forces not simply representing narrow, militarily defined interests but rather broader societal and class interests which have crystallized within the projects of the core country military. In short, the peripheral country’s military is itself one of the state institutions which is potentially internationalized in specific ways as part of the internationalization of capital within an imperial state system. This means that in spite of the pretense that the peripheral state’s military is the national institution par excellence it is in fact a significant site of internationalization.

It is important to acknowledge, of course, that direct use of military force as a tool of imperialism has become somewhat less imperative than in earlier eras, even though it is still a crucial underpinning of imperial power. This shift is in part the result of increasing ideological conformity on the part of most state and business elites under the hegemony of ‘transnational liberalism’ (Agnew and Corbridge, 1995). Transnationalized ideologies of competitiveness and minimal state regulation have become an important material force in their own right, as shown by Thomas Biersteker in his analysis of the sources of neo-liberal restructuring within the developing world during the 1980s (Biersteker, 1995).

In this context, we should note the ways in which imperialism as a political and cultural phenomenon complicates the picture of the nation-state as a site for the reproduction of national culture. Benedict Anderson’s account of the development of nationalism argues that the expansion of the colonial state and the production of a group of colonial subjects educated in these schools but excluded from corporate boardrooms “meant that to an unprecedented extent the key early spokesmen for colonial nationalism were lonely, bilingual intelligentsias unattached to sturdy local bourgeoisies” (Anderson, 1991:140). The results of the colonial educational system, in sum, were paradoxical because they produced subjects identifying with certain core values of the colonizing countries, yet unable to advance on their own within the colonial system.

Part of what distinguishes imperialism in the post-colonial period from earlier variants is the shifting character of this peripheral cultural–ideological complex as certain of the older barriers to advancement have fallen. Post-colonial imperialism has successfully created a ‘counter-nationalist’ intelligentsia, which though still needing to some degree to have national credentials in order to serve within the nation-state has nonetheless taken on board most of the perspectives of its international mentors. Particularly significant here are various economists and others trained in

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13 In calling ideology a material force, I am following the sort of analysis laid out by Althusser (1972).
economics, who have frequently had significant influence precisely within some of those peripheral state agencies identified by Cox as crucial to the internationalization of the state (Bell, 1991; Biersteker, 1995). This counter-nationalist intelligentsia is in effect a ‘transnational kernel’ within the technocracy and a crucial player in the process of alliance formation which promotes capitalist internationalization. This suggests, then, that the collaboration and alliance-building crucial to the imperial system not only transcends narrowly economic class coalitions through the internationalization of military force but also through the internationalization of certain political and cultural values and ideals—these again being propagated through the complex process of struggle within the arena of the state.  

Capitalist internationalization thus involves the state as an internationalizing agent not only vis-a-vis economic processes but vis-a-vis the broad panoply of human activities which constitute social life, since most if not all of these are at some points related in crucial ways to the production and reproduction of capitalism. It is in this sense that Peter Bell refers to capitalism as turning society into a ‘social factory,’ where all aspects of life become more or less conditioned by the requirements of generalized commodity production and attendant ideologies of competitiveness (Bell, 1978). Within the core of the global economy, this process is highly advanced, so that rather than being merely neutral or apolitical, virtually all aspects of education and popular culture are to some extent politicized in a fashion that is more or less conducive to the social reproduction of class privilege. This is quite important when considering the impact of Western training and technical aid missions upon the development of the bureaucracy in peripheral countries. Even within the realms of the state typically seen as less beholden to the immediate logic of international capital accumulation, ideologies of competitiveness, respect for capitalist property, and so forth have often taken deep root, making advocates of particular forms of education, medicine, labor legislation, or other social services conscious or unconscious supporters of the project of capitalist internationalization.

**Struggle over the internationalization of the state**

It is important to emphasize that the internationalization of the state conceived in this broad fashion is, like the internationalization of capital, a process in motion. As Cox puts it “the tendency toward the internationalizing of the state is never complete, and the further it advances, the more it provokes countertendencies sustained by domestic social groups that have been disadvantaged or excluded in the new domestic

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14 Arturo Escobar’s discussion of development economics (Escobar, 1995), though launched from a slightly different theoretical perspective than the one I employ here, is quite relevant to this sort of discussion of the internationalization of particular political values and forms of technical expertise.

15 In the broadest theoretical sense, the perspective being argued for here can be called ‘Gramscian’—and indeed the approach to international relations with which Cox’s work is associated is generally described in these terms (Gill, 1993). For Gramsci’s views on these issues, see Gramsci (1971). For a discussion of parallels and intersections between Gramscian concepts and regulation approaches, see Jessop (1997).
realignments” (Cox, 1987:253). The fact that the state is not given as internationalized but is being internationalized—and unevenly at that—suggests the need to look for the effects of particular struggles over the forms and functions of the state. Much analysis of state policy focuses on the latter of these, but it is equally important to emphasize the struggle over forms of the state. As Gordon Clark and Michael Dear note, “a capitalist social formation should give rise to a distinctively capitalist state form, and an evolving social formation should realize concomitant change in the state structure.” But as these authors go on to suggest, such a statement is too functionalist (Clark and Dear, 1984:37). Thus, there is a need to focus on how different classes and class fractions attempt to transform the forms of the state through political struggle, rather than assuming an automatic evolution of state form in relation to evolution of the social formation. What can be identified, if the state is examined in this way, are struggles which correspond to the evolution of the social formation and the rise or decline of particular fractions of capital—but the specific dynamics of which depend upon concrete political mobilizations by classes and class fractions.

Thus, for example, as Philip McMichael and Davy Myhre note, “structural adjustment loans (SALs) have been used by the IMF and World Bank to force a more ‘outward’ reorientation of economic policies within the state from program-oriented ministries (e.g. social services, agriculture, education, etc.) to the central bank and to trade and finance ministries...Thus, policymaking is displaced upward from South to North” (McMichael and Myhre, 1990:66). Such displacement, however, has not occurred without contestation, including frequent resistance to IMF measures by popular organizations in the Third World. This suggests that we should not take the orientation of particular ministries as given but should rather see internationalization as an ongoing struggle over the forms of the state and, within this, the orientations and relative empowerment of various ministries. In addition, we cannot assume the main lines of battle to always be drawn simply between ministries. The training of a wide variety of professionals abroad, in conjunction with the development of actively internationalist or expansionist classes in the periphery, means that there are strong tendencies towards internationalization of the state at work within almost any given segment of it, and representatives of these tendencies often fight older or more established interests for control within the ministries. Leo Panitch makes this point when he suggests that ministries and approaches associated with a ‘competitiveness ideology’ are gaining status and that social welfare agencies “are perhaps not so much being subordinated as themselves being restructured” (Panitch, 1994:72)—often from within as much as from without.

Here I should also note, however, that viewing the internationalization of the state as a process of state restructuring does not necessarily imply a constant or steady reorientation of state forms so that they facilitate internationalization. The competing interests of class fractions, determined in part by their differing degrees and forms of internationalization, may place obstacles in the way of any clean movement in the direction of World Bank-style restructuring. Thus, while the internationalization of the state is a process in motion it is not a teleological process with a predetermined outcome such as increased dominance of international finance capital. Rather, it is
a process linked to the tendencies of internationalization in the various circuits of capital and mediated by the vagaries of class struggle and broader social and political struggle, all of which can have a bearing on the forms of the state and the balance of power between and within various ministries.

It should nonetheless be recognized that the recent World Bank and IMF-led attempts to restructure states along neo-liberal lines have been a dominating theme within the Third World. This can rightly be seen as manifesting the current hegemony of specific forms of core country capital, especially finance capital. But it is equally important to recognize, as Manuel Pastor has persuasively argued, that restructuring serves definite interests of peripheral elites (Pastor, 1987). Thus, the policy orientation which has so repeatedly emerged within Third World states in the post-Fordist era can be seen as reflecting the power of an alliance involving both core and peripheral elites who are closely connected to internationalization processes and dominant within the ministries which most aggressively promote such processes (Biersteker, 1995).

State power beyond the ‘territorial trap’: the Thai case

On the basis of the sort of theoretical account outlined here, I suggest that one can move a step beyond Weiss’ and Dicken’s arguments that states promote internationalization and argue that states themselves can (and have) become increasingly internationalized—that is, oriented at the outset, through their increasingly internationalized social base and structure, towards promoting internationalization of capital. Indeed, it is perhaps the case that so far the most important dimension of the multi-faceted process of internationalization is not the gradual economic transformation which has been occurring since 1960 but the possibly more far-reaching transformation of states and state policies which has occurred since that time—particularly in the Third World.

I will very briefly illustrate this argument with evidence from the case of Thailand. Thailand has long had a highly internationalized political economy (Suehiro, 1989), but the Thai state became a particularly intense site of internationalization after World War II, when US military and economic aid began to pour in and the US and Thai elites began to collaborate in forms of state restructuring which made Thailand a strong US ally in the Cold War. As part of economic development policy, Thai leaders created a series of state agencies—including the Board of Investment and the National Economic and Social Development Board—which collaborated with US/World Bank designs and carried out policies to enhance the power of private capital while subordinating the missions of other state agencies to the state’s accumulation functions (Grit, 1982; Tienchai, 1993). Restructuring of the Thai state not only paved the way for large inflows of US aid, which spurred high rates of economic growth from the 1950s on, but politically and economically positioned Thailand to

16 For more details, see Glassman (1999).
receive massive inflows of Japanese investment in the 1980s and 1990s (Hewison, 1989). Thus, the internationalization of the Thai state was actually the leading edge of the internationalization of capital which precipitated the 1986–96 growth boom. One can in fact suggest a concrete measure of the relative importance of the internationalization of the Thai state and the internationalization of capital in Thailand by comparing indicators of economic integration with a proxy for state integration, the international training of state officials. Between 1980 and 1995, foreign direct investment in Thailand as a percentage of Thai GDP rose from 3 to 10% (UNCTAD, 1997). During the peak years of FDI inflow, the late 1980s and early 1990s, it is estimated that FDI accounted for approximately 10–15% of all direct investment (NESDB, various). Portfolio inflows became far more substantial than this during the 1990s—in 1993, for example, capitalization of the stock market exceeded GDP—but these inflows have been fickle and have rapidly declined since 1996 (UNCTAD, 1997). Meanwhile, the share of exports in GDP has grown from 17.4% in 1960 to 42.4% in 1995, and the share of imports has grown from 18.9 to 49.5% over the same period (UN, various). Clearly, Thailand has a fairly highly internationalized economy.

Yet at least equally impressive are some of the statistics reflecting the internationalization of the state. Between 1950 and 1974, for example, the Fulbright Educational Foundation trained some 8000 Thai students, most of these in US universities, providing one fourth of the employees in the top four Civil Service classes (Bell, 1978:62; Bell, 1991:103). Altogether, up to 1987, USAID trained 164 out of 411 top Thai state officials (Bell, 1991:103; Muscat, 1990:49–60). Thus, almost 40% of the top 400 Thai civil servants had Masters or PhD degrees from Western universities. As Michael Rock notes, while this training of Thai officials did not guarantee their orientation, it nonetheless “provided an opportunity [for these officials] to rationalize industrial policy making and launch an export campaign” (Rock, 1995:753).

Cases such as that of Thailand help explain why it is that the statist opportunity Wade sees in crises of peripheral area development have not typically been seized: not only is the peripheral capitalist class only opportunistically nationalist and strongly wedded to international market opportunities (Kolko, 1989), but the state itself is usually peopled in key quarters by cadres of internationally-minded technocrats who represent the interests and ideology of the most internationalized fractions of capital. Thus, even though the aggregate statistical dominance of ‘national’ econ-

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17 The numbers for the Philippines are comparable, rising from about 4 to 9% of GDP. Indonesia had higher figures, with FDI rising from 14 to 25%, and Malaysia, the most prodigiously internationalist country in the region, increased its share of FDI in GDP from 25 to 52%. For all developing countries, FDI increased from just over 4 to just over 15% of GDP (UNCTAD, 1997).

18 The percentage of Thai officials trained in Western universities does not fully capture the extent of internationalization through training of state officials, either, since much of the in-country university training which Third World officials receive is heavily influenced by an imported curriculum, See, e.g. Bell (1991).

19 For more extensive discussions of the internationalization of the Thai state, see Bell (1978, 1991).
OMIC activity may seem to portend the possibility of effective state interventions at the national level, the orientation of an increasing number of state functionaries mitigates against anything other than state activities which facilitate internationalization of capital. Moreover, this orientation is every bit as evident among the ‘weak states’ as among those identified as ‘strong.’ For example, both the relatively ‘strong’ South Korean state and the relatively ‘weak’ Thai state have bowed (with little discernable hesitation) to the demands which the IMF has imposed as a condition for emergency loans in the wake of the 1997–98 economic crisis.

This has definite consequences for how one conceives the struggle to transform state policies. Whether intended in this way or not, most neo-Weberian analyses tend to imply that the continued relevance of the state suggests the possibility that states could follow paths other than the neo-liberal paths many are choosing—and could do so largely on the basis of more intelligent and determined state leadership. Neo-Weberian analyses therefore sometimes appear as if they themselves were an attempt to coach state leaders (and World Bank officials) into a more enlightened attitude. By contrast, the analysis offered here, while concurring both that the state remains a relevant arena of action and that state policies could proceed down different paths, suggests that transformations of state policy would in most cases require substantial transformations of the state itself. These transformations, moreover, would require effective class and class-relevant struggles which transform the social bases of state power. It is not because of their (so far incomplete) economic dominance that the most internationalized fractions of capital have been able to command policy; rather, to use Gramscian terminology, it is because of their emergence as the hegemonic leadership of a ‘historic bloc,’ which has gained the consent or acquiescence of much of the rest of the capitalist class—as well as, until recently, much of the working class in core countries.20 This hegemony is contestable and reversible, but it cannot be fought only at the level of state policy and policy-makers. Thus, even a reformist project to change the internationalizing drift of state policies may require a much more far-reaching mobilization of popular forces than what neo-Weberian accounts seem to imply.

Conclusion

The notion of the internationalization of the state grows from, first, the conception of capital and capitalist classes as inherently geographically expansive and, second, the conception of the state as a set of institutions through which class (-relevant) and other types of social struggles are worked out. Rather than seeing dualisms such as foreign market/domestic market or politics/economics as identifying separate realms of activity which compete with one another for primacy, the perspective offered here sees classes and other social forces as working simultaneously through both foreign and domestic markets, politics and economics. The primacy accorded

20 For Gramsci’s conceptions of ‘hegemony’ and ‘historic bloc,’ see Gramsci (1971) and Cox (1983).
to one or another of the poles in these dualisms, then, reflects not the dominance of one realm over the other but rather the balance of forces in class (-relevant) struggles which involve different fractions of capital with differing geographical ranges.

From these basic claims, it is argued that the capitalist state, precisely because it is capitalist, is a site for the development of internationalizing tendencies. Thus, at least certain states should be seen not as nation-states in the narrow sense—that is, as states whose central and exclusive social basis is the social structure within the bounded territory identified with the nation—but as internationalized states whose apparatus is geared in important ways to the promotion not of national but international accumulation. This is never a matter of a homogeneous entity promoting international collaboration, since the state itself is necessarily fragmented both socially and geographically, but rather of particular elements or institutions within the state developing the power to push the project of accumulation in the directions favored by the more internationalized fractions of capital. Thus, too, the internationalized state is never a pure type but rather a tendency within the process of state development: states can become more or less internationalized depending on how social struggles outside and within the state constitute and reconstitute that state over time.

I have also suggested here a particular reading (and reassertion) of the relevance of terms such as ‘imperialism’ and ‘imperial state system.’ Informed by the conception of internationalizing capitalist classes and states, imperialism is seen not as the domination of one state by another. Instead, imperialism is a matter of various internationalizing class fractions collaborating to promote the global expansion of the accumulation process. What differentiates core from periphery, in this perspective, is not nationality per se but rather the specific alliances of classes across space. Core regions are regions where working classes have greater possibilities for sharing in the benefits of collaboration across national boundaries by differing fractions of internationalizing capital. Peripheral regions are regions where those ‘vertical’ links between elite and sub-elite classes are weaker, allowing fewer of the benefits of internationalized accumulation to ‘trickle down.’ Peripheral states can help foment accumulation through internationalization; but they cannot usually do so in ways that bring to peripheral laborers the kinds of benefits available to laborers in the core.

This conception has consequences for how one interprets the likely results of development under an internationalized state. Neo-Weberians examining development in East Asia have argued that the success of the Northeast Asian NICs is attributable to strong states taking effective action to maximize the national benefits from participation in international capitalist development (Amsden, 1989, 1990; Wade, 1990; Evans, 1995). A focus on the internationalization of the state suggests that we look instead for ways in which states function not as national but as internationalizing agents, which foment development not so much to produce effective accumulation on a national scale as to enhance possibilities for accumulation by members of transnational hegemonic blocs—where viable, by widening and deepening the international circuits of capital. If this is a better description of the accumulation process in East Asia than the account given by neo-Weberians, then it may be that the broad national benefits of development evident in some of the NICs
before their recent crisis have been more conjunctural than inherent in the kind of accumulation process which has occurred. This, in turn, implies that improvements in the standard of living for peasants and workers in these NICs may be more tentative or even reversible (at least in the longer term) than has been acknowledged by most celebrants of rapid economic growth. In this case, the Asian economic crisis may suggest a need to rethink and reconfigure the state—in both its national and its international dimensions.

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