

## Neoliberalism, Globalization and the Capitalist World Order

David Fasenfest  
*Wayne State University*

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We often forget how fast things change; for example, my father was born at a time when a wagon ride to the major city center 50 miles away took half a day and by the time he died almost a century later he could travel across a major ocean and traverse a continent in the same time. Those of us old enough to recall having to literally cut and paste together edits on our work know that the “cut” and “paste” features on most word processing software is a reference that most undergraduates cannot understand in their literal sense. My teenage son recently saw a rotary phone in a communication museum and pondered how you make a call, and it is only recently that he has become comfortable with telling time on an analog watch (who knows what he makes of old war films with “bandits at four o’clock” – is that a reference to some appointment or anticipation?).

In much the same way we get wrapped up in current debates and discussions over globalization, the internationalization of production, and the spread of capitalism as it penetrates all corners of the globe. Empires were built on commerce and there is no need to review the history of societies developing the fastest and safest means to bring goods to market – whether it was the building of roads and garrisons to ensure the flow of goods to Rome, guarding the trade routes across Asia, or developing faster and more efficient means of transportation over water. Early European empires grew out of trade and conquests, and early stages of capitalist development were inexorably tied to increasing global markets (primarily for the raw materials that fed the engines of production, and to some smaller extent as the outlet for the goods produced). The ability to utilize transportation, whether the land trade routes across Europe and between Europe and Asia, the inland waterways of northern and central Europe, or conquering the oceans to link continents, all contributed to the growth of great commercial empires.

We need not repeat here the lessons of global processes so ably detailed in grand works of epic (and epochal) proportion by scholars like Braudel (1992a [1979], 1992b [1979], 1992c [1979]) and Wallerstein (1974, 1980, 1989). It is enough to point out that some form

of capitalism has been global almost from its beginnings, and with it came variations in forms of governments and laws designed to both control their international outposts and ensure the smooth running of capitalist commerce and production. We should note at this point that even though Tilly (1984) distances himself from the grand comparisons of theorists like Braudel and Wallerstein, he nonetheless calls for macro-historical comparative analyses that focus on the interconnectedness of national experiences that may appear separate but can be grounded in the historical development of common structures. The danger of these grand comparisons is the tendency to overly generalize capitalism to include many forms of activity or fail to recognize important national or regional variations in the effort to subsume all global development as capitalist development fitting nicely into an international division of labor. We might quibble with both grand models for focusing on conditions of exchange as the basis (and justification) for defining capitalist development too historically broadly (rather than focusing on the transformation of the relations of production), but that is beyond the point this essay.

The history of the 20th century can be divided into two fairly equal periods. The first half-century is characterized by European expansion, conquest and consolidation across Asia, Africa and Latin America (not for the first time, certainly) punctuated by the First World War in which global empires were reallocated and the seeds of a much more heinous world war were planted. Wallerstein's breakdown of capitalist development into the core, semi-periphery and periphery has the greatest relevance to any understanding of this period (and a look into the next) as the era of the colonial empires and imperial conflict culminates in the Second World War. The end of that war quickly (and not surprisingly) coincided with the articulation of national struggles for independence from French and British colonial rule and the establishment of wars of liberation. The colonial governance structure was replaced by independent state governments that generally broke with their prior colonial masters even while staying economically tied via the Commonwealth (for former British colonies) and the Franc Zone (for former French colonies). The subsequent history of governmental relations between the core industrial nations and the semi-peripheral and peripheral post-colonial nations can be mapped easily according to the degree to which national elites colluded with or opposed core country corporate interests (and the degree to which uncooperative national elites were removed by internal coups or external invasions in support of multi-national capital).

The period between 1940 and 1945 is instructive for understanding the current neoliberal agenda and counter-neoliberal efforts. Regional economies in Latin American and the Indian subcontinent flourished, local manufacturing had its own mini-industrial revolution, and a vibrant middle class emerged at a time when the major global economic powers were focused on the war in Europe and the Pacific. The economic stranglehold was relaxed for a few years and economies in Argentina, Brazil and elsewhere demonstrated that they could prosper without the 'help' provided by US or European capital. Indeed, the dependent development Andre Gunder Frank and others have outlined demonstrated how vibrant economies were devolved to become economic vassals in the post-war period. The last essay written by Frank (2006) appeared in the pages of this journal, in an issue devoted to the crisis brought on by neoliberalism and the resurgence of the

left in Latin America (Dello Buono and Bell Lara 2006), in which he showed yet again how the financial interests of the hegemonic powers continued to drive US foreign policy much to the dismay of the developing world.

The second half of the last century is a history of transition and transformation. Modern capitalism and the Fordist accord between labor and capital morphed into post-modern capitalism and post-Fordism – though it is not clear exactly what that meant (Gottfried 1995). The idea of international trade between nations facilitating corporate reach morphed into multi-national companies that increasingly brought into question the importance of nation-based capital. Clearly there were struggles as national elites and international capital competed to control the terms of this transition. Debates over the autonomy (relative or not at all) of governments to determine economic policy became increasingly unimportant (beyond a theoretical discussion) as policies made in board-rooms trumped policy objectives of Secretaries of State – or to put it more bluntly, national policy more closely followed the demands of international commerce.

Throughout the last decade of the 20th century and most of this first decade of this century globalization has appeared to be the unstoppable force of international economic activity. Everything from small local communities to large countries sought ways to accommodate and survive this latest version of international capital. Governments increasingly seemed irrelevant apart from formulating the legal relationships that would facilitate this international force. While the idea of a European Union arose almost as soon as the Second World War ended, the most dramatic change came with the end of the former Soviet Union, opening up the eastern European countries to economic expansion, and the economic and political integration reflected by the ‘Maastricht’ Treaty on European Union in 1993 that pushed forward a global powerhouse some in its early days predicted would supplant the USA as the new economic hegemon (a prediction yet to materialize, with China as the current heir apparent in the international arena). Regional trade associations (most notably NAFTA) emerged to ensure easy commerce and international opportunities as globalization became the watchword of a new era. These efforts were not without problems (Bandy 2000), and as Dujon (2002) pointed out, often overlooked local community resources in the way they might influence how nations integrate into a globalizing economy.

With globalization came expectations that workers everywhere would have to rethink wage demands and renegotiate working conditions. A unionized auto worker in the US Midwest no longer only competed with non-union workers in the South, but also had to recognize that labor costs in this new global environment were falling as the competition for jobs came from outside the country as well. Union workers with high pay throughout Germany, France and other parts of ‘old’ Europe now faced competition from workers in eastern Europe eager for a piece of the capitalist pie. Social safety nets came under attack for their part in raising labor costs, posed as a real impediment to fully exploiting the new economy in spite of evidence to the contrary that you can prosper and still keep intact those social bargains (Kollmeyer 2003). How organized labor should respond to these threats remains unclear, though recent articles in this journal have explored the efficacy of traditional forms of resistance (Park 2007) and the power of lower tier workers

(rather than the more unionized upper tier workers now under stress) to impact the way in which globalization is implemented (Chun 2008).

The consequences of globalization include increasing alienation of workers as a result of downsizing and job loss (Archibald 2009a, 2009b), and also brought to the fore are questions about how this globalization impacted women. An earlier issue of this journal focused on the need to include gender in any discussion of globalization (Gottfried 2004). Gendering globalization (Acker 2004) is essential if we are to properly understand how globalization separates capitalist production and human reproduction (a major function of the social safety net being shredded by the rush to participate in the global economy). Equally important is acknowledging how gender plays a role in providing resources for capitalist production from low wage workers in poor nations (Salzinger 2004) to the domestic care workers who permit women in the industrial nations to leave home and participate in the workforce. Understanding the formation of a gender regime (Ng 2004) is imperative in any analysis of the role gender plays within globalization.

One of the great misconceptions of this era of globalization is that it is based on the freeing of markets and the end of restrictions – most readily seen in terms of knocking down trade barriers to ensure easy and ready flow of capital across borders. Where earlier eras of capitalist expansion required that companies situate themselves within nominally sovereign nations to comply with different rules and regimes, globalization meant a sweeping away of these requirements to return to a more pure form of laissez-faire capitalism. Under the rubric of neoliberalism, the last two decades have witnessed an attempt to alter the legislative landscape in countries around the globe in order to accommodate globalization, to attack social welfare by forcing countries to impose ‘austerity’ policies that create a more compliant labor force, and to promote financialization of economic activities for short-term gains at the expense of long-term growth and development.

The articles in this issue take exception to these claims, raise questions about the real impact of neoliberalism, and show how regional resistance to neoliberal agendas may lead to creative solutions promoting local economies in the face of globalization (reminiscent of that period of prosperity during the Second World War). A long history of dependent development and asymmetric production integration accelerated by globalization produces surplus populations and low wage labor pools in Latin America (Figueroa). O’Connor tracks what he calls the ‘three moments’ of neoliberalism to reconcile apparently disparate research on the process. Bone and Konings focus on the impact of neoliberal policies on the core countries, finding that there is a shift towards de-modernization as a result of this irrational capitalism (Bone) and an ironic increase rather than decrease in the regulatory capacities of the state as a direct result of neoliberalism (Konings).

The opening article by De la Barra (a version of which was presented as the keynote address at the 2009 *Critical Sociology* conference in San Francisco) focuses on the impact cycles of crisis have on countries outside of the hegemonic realm of the USA. She argues that resistance to neoliberalism in combination with these crises moves us to what she calls a multi-polar world in which the USA remains dominant, albeit less so. Presenting a view picked up by other authors in this issue of the journal, she points out that at this point in time the upper strata of society benefits from increased government intervention leaving the poor to deal with the ravages of the free market. Perversely, the cause for the

current crisis is presented as solutions, and the major culprits are put in charge of the recovery. Each period of unrest also poses opportunities to organize opposition, and what De la Barra presents for us gives us reason to hope that regional integration outside the neoliberal nexus can become the basis for significant social change.

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