INTRODUCTION: UNDERSTANDING INTERNATIONAL ORGANIZATIONS

For the most part, international organizations deal in analysis, advocacy and advice – in short, in norms and ideas. As this has always been so, the enthusiasm with which the notion of international organizations as purveyors of norms and ideas has been taken up of late should provoke suspicion. André Broome and Leonard Seabrooke provide a case in point. They note that international organisations ‘often serve as the “engine room” of ideas for structural reforms at the national level’, and ask how they ‘construct cognitive authority over the forms, processes and prescriptions for institutional change in their member states’, but immediately assert that

The issue of how cognitive authority is constructed within IOs is closely linked to the following two big questions that continue to dominate scholarly debates in studies of global governance and the political economy of IOs. First, how do IOs influence their member states? Second, are IOs actors in their own right, or are they hostage to the interests of their member states principals?’ (Broome and Seabrooke, 2012: 1, 2).

This is disappointingly uncritical and unambitious. The problem here is not with the turn towards constructivism itself, but with the failure to question or transcend the framing of the broader context in narrow and conventional terms. Broome and Seabrooke describe themselves and the contributors to the collection they introduce as breaking new ground by ‘focusing on how the internal dynamics of IOs – and in particular how their analytic institutions identify and construct policy problems – shapes the influence they have over member states’ (ibid: 3). However, they concern themselves exclusively with relations between states and IOs, wanting to know how IOs seek, sometimes with limited success, to make states ‘legible’: and like practically all recent contributors to this literature, they place socialisation, norms and ideas and their transmission at the centre of their analysis. In a promising statement, they
declare that they ‘recognise that the activities of IOs are geared not simply towards achieving member state compliance with specific policy regimes, but also aim at encouraging broader institutional change within member states and fostering new ways of thinking about economic and social governance’ (ibid: 4); but they show little further interest in the character or logic of ‘specific policy regimes’, ‘broader institutional change’, and ‘new ways of thinking about economic and social governance’. The same limits are observed in their expressed wish to ‘increase our understanding of how IOs seek to achieve domestic policy change and promote international policy cooperation, the ideational conditions that enable their influence, and how IOs attempt to turn these conditions to their advantage over time’ (ibid). In short, they do not go far enough when they ask how IOs ‘seek to remake a country’s institutional frameworks and promote international cooperation over a long-term horizon’ (ibid) – they need also to ask what (new national frameworks and forms of international cooperation), and why (the need for change). This would of course take them beyond the constructivist agenda, requiring them to assess the implications of their findings in a broader theoretical framework. Insofar as they gesture towards this, it is in passing, and in order to set the relevant issues aside. Having first suggested that IO’s analytical institutions ‘do not view member states as cultural, religious or military entities, but as economic entities’ (a narrow view that I contest), they challenge the idea that IO activities simply express ‘the ideological interests of a transnational social class, hegemonic state interests or generic outcomes that are determined by the prevailing ideational conditions among the major international financial institutions’ (ibid: 8), only to accept a moment later that they generally promote ‘policies that could accurately be characterised as “economic liberalism”’(ibid: 9). The combination of this very loose and conventional formulation, and the early bracketing off of the issues involved signals clearly the abandonment of the terrain of political economy, critical or otherwise.

I take a different approach. The discourse and practice of the leading international organizations concerned with global economic governance have formed the primary material of my research for a number of years, but I address them within a broader analytical framework that starts with an assessment of the level of development of the global capitalist system as a whole, and the implications for states and international organizations alike. I do so within what I consider a classical Marxist analytical framework, applied to the contemporary world. The ‘new materialist’ framework this produces is set out here, updated to take account of the response of IOs to the so-called ‘Global Financial Crisis”, and illustrated with the example of the Asian
Development Bank as a ‘market builder’. The argument advanced is that the Bank sees the building of markets in a holistic manner which entails also the transformation of social relations and state-society relations, and that it does so in the context of what it envisages, and promotes, as a transition to global capitalism.

**THE TRANSITION TO GLOBAL CAPITALISM**

My version of a classical Marxist framework of analysis assumes that if capitalism can be theorized as a system, it can only be theorized at a global level, and therefore that insofar as its development can be seen as a product of class struggle (as it is), this too must be understood in global terms. It also assumes that for capitalism to be fully in place as a global system (a situation that may never come about in practice), it is not sufficient that all societies should be drawn into a single market, but that they should also be characterized by the social relations constitutive of capitalism, or the *capital relation* – creating a two-class society in which the majority are deprived of the means of production and obliged to work for the owners of capital, and in which competition between capitals takes the form of the increasing application of capital to the process of production, in pursuit of relative surplus value. This is the harsh world, imagined by Marx and Engels, of the *real subsumption of labour to capital* and the dominance of relative over absolute surplus value, or in other words, a world in which the law of value operates fully: workers are obliged to sell their labour to the highest bidder, capitalists are obliged to compete by applying capital to the production process to cheapen the cost of commodities, wages tend towards subsistence level, and the rate of profit tends to decline over time.

I derive from this a new materialist framework for the analysis of the transnational regulatory regimes operated by international organizations, relating this directly to the tendential logic of global capital and class struggle. The starting point is not the state, or the system of states, whether regional or global, or relationships between states on the one hand and international organizations on the other, let alone the autonomous role of norms and ideas. Rather, it is the contemporary global capitalist economy, conceived as a complex and differentiated system increasingly shaped by the global logic of capital (and therefore class struggle) in ways that are directly materialised in concrete forms in turn addressed and mediated by state-level projects and related transnational regulatory norms, regimes and practices.

This entails a judgement regarding the current state of development of global capitalism. The framework adopted asserts that (1) while capitalism as a system is tendentially global, it is only now (say, a little arbitrarily, from 1990 onwards) in
transition to actually being global; and, crucially, (2) the international organizations concerned with global economic governance act increasingly as lead architects of the transition, and can therefore be most accurately theorized as ‘representing the interest’ or furthering the logic of global capital yet-to-be. They do so by seeking explicitly to build the world market, as Marx and Engels understood it. In other words, they aim to transform conditions both of exchange and of production, or to secure both the completion of the world market and the universal realization of the capital relation (or the social relations constitutive of capitalism). For the purist, I note that these are not in the end two separate processes, but part and parcel of the same.

The first assumption upon which the analysis rests, then, is that capitalism is not yet a global system, but is discernibly in the process of becoming one. The second, perhaps less likely to command assent, is that the principal objective of the international organizations concerned with what is too narrowly called global economic governance is to bring about the transition to global capitalism and install the logic of capital or the law of value as the determining force in world history.

A number of conclusions follow from this. First, given this situation, Marxism provides the only version of critical political economy with the tools to unmask and contest this objective. Second, as we have not yet experienced a world in which the law of value operates, so rejection of Marxist thinking on the subject is premature. Third, whether one chooses to call it modern or post-modern (neither a term with any analytical merit) the ‘global’ capitalist system of the 20th and early 21st century does not represent capitalism in its fully realized form (again, to be clear, this state may never be reached in practice). On the contrary, so far we have observed only the uneven and combined development of capitalism towards its realization as a global system. Fourth, and to the detriment of much simplistic, ahistorical and unsystematic thinking, it follows that is a mistake to regard capitalism as actually or necessarily ‘Western’. If it is tendentially global, it is only ‘Western’ in its pre-history as a global system. All in all, if we are to grasp the fundamental character of the contemporary global order, and its implications for international politics, a fair number of widely held assumptions will have to be abandoned.

**A NARRATIVE OF TRANSITION**

It is an elementary observation that the staff of the IMF, the OECD, the World Bank and the multilateral banks (among which the ADB) staff do not deal in neutral technical analysis, but in the construction of narratives. The question is, what kind of narratives are they? What if any is the broader meta-narrative into which it fits? What
is the larger macro-structural context (if there is one) within which narrative and meta-narrative can be explained and understood? And what theoretical resources are to hand to enable us to arrive at explanation and understanding?

In outline, my answer is as follows. The narrative produced by the international organizations (increasingly in concert) over the last two decades responds to and is unthinkable outside successive conjunctures in the global economy. It reflects their vocation, which is not only liberal, as Broome and Seabrooke note, but also global. Its ultimate focus is the realization of a genuinely global capitalist economy, both in terms of the extent of the market, and the prevalence of the ‘capital relation’. At any point in time it will reflect the limits of the possible in the transition to global capitalism. It emerges, therefore, from a determinative structural context which it will more or less faithfully reflect. This gives it a tendentially ‘progressive character’, in that it will only circumstantially tie itself to the immediate interests of the leading powers (a source of much confusion in extant analysis). It will seek, rather, the continual enlargement of the capitalist world economy, in both spatial and social terms, while seeking to reform, restore or perfect the working of the law of value in the advanced economies, and to introduce, extend and secure its purchase in developing areas. In principle, and increasingly in practice, the same logic informs such apparently disparate phenomena as IMF Article IV surveillance, EU enlargement, World Bank poverty reduction programmes and reform of social protection, and ADB and IDB regional integration and south-south cooperation strategies, as is easily demonstrated if the empirical record (open for inspection in all cases) is even cursorily examined. There is therefore no impediment, other than subjective, to the identification of the narrative in question, and no justification for refusing to entertain the notion that such a holistic logic may inform it.

The narrative of transition to global capitalism in fact takes shape very quickly in the circumstances of the faltering of the post-war welfare settlement in Western Europe from the mid-to-late 1970s and the collapse of state socialism in Central and Eastern Europe and the former Soviet Union in the 1980s. In terms of context, it is significant too that it develops in the midst of the global crisis of 1991-93 – one which was marked by a perceptible and permanent shift of trade (in the order of 5 per cent) from the advanced to the emerging regions. As I have detailed elsewhere, it was spelled out in the series of annual World Bank *World Development Reports* from 1990 onwards, and in EU and OECD documents from the early 1990s. Notably, as this reflects, it was not a programme for developing countries alone, but a universal prescription - one that I have described as the ‘politics of global competitiveness’ (Cammack, 2006).
It may now be seen as falling into two phases, the first, between 1990 and 2007, revolving around the universal doctrine of competitiveness (spelled out in the 2005 World Development Report, *A Better Investment Climate for Everyone*), and the second, taking shape swiftly in the wake of the ‘global financial crisis’, marked by a central focus on the emerging economies as the principal sites of accumulation (and spelled out in the massive two-volume 2009 World Development Report, *Reshaping Economic Geography*). The same period has seen IO support for the transition from the G7 to the G20, the recruitment of senior policy-makers from China in particular, and the universal adoption across the World Bank and the multilateral development banks of strategies of infrastructural investment, regional integration, and South-South cooperation.

The obvious point here is that the emergence and development of the narrative of transition to global capitalism follows and reflects material developments in the global political economy itself – broadly, the ‘opening of the world market’ after 1989, and the establishment of the ‘emerging economies’ as the leading centres of global accumulation after 2007. In each case, there is a significant development in the content and character of the narrative in the context of a crisis centred in the advanced economies. There is every reason, therefore, to take seriously both the discourse and the agency and the logic it reflects. But by the same token it is a mistake to explore it piece-meal without attention to its encompassing logic, or to detach it from the material and historical-structural context in which it emerges. Specifically, the significance of the logic of the discourse (why universal competitiveness? why emerging economy leadership?) and the agency behind it (why the international organizations concerned with ‘global economic governance?’) is revealed only when it is explicitly related to the state of development of capitalism as a global system.

**THE LOGIC OF THE NARRATIVE**

As we have seen, the IO narrative as it has developed since 1990 is consistent with a meta-narrative of transition to global capitalism. In order to establish the kind of intervention that it represents, it is necessary to examine its logic. On doing so, we find that its content not only relates directly to the macro-structural context of capitalism as a global system, but also reflects an explicit strategy aimed at promoting it. As noted at the outset, this involves not only the ‘completion of the world market’, but also the transformation of social relations on a global scale in order to secure the dominance of the capital relation. Although these are aspects of the same holistic process, and equally prominent as IO objectives, the literature on IO discourse and
practice in the period has concentrated overwhelmingly (not surprisingly, given its largely liberal assumptions and limits) on the market-creating and market-opening policies of liberalization, privatization and deregulation, and the related question of the ‘Washington Consensus’ and its supposed reform. It has generally failed to appreciate the significance of the much more fundamental assault on the social relations of production inaugurated in the 1991 World Development Report on Poverty. This was shaped around the insistence that a twin strategy was required, featuring not only ‘policies that harness market incentives, social and political institutions, infrastructure and technology’ to the end of promoting ‘the productive use of the poor’s most abundant asset – labor’, but also the provision of ‘basic social services to the poor’ – notably, ‘primary health care, family planning, nutrition and primary education’ (World Bank, 1990: 3). Here, delineated with precision and to be systematically developed over the following decade (Cammack, 2002), was a strategy for the development of a sustainably exploitable global proletariat, or, as I described it in an earlier analysis of the policy and discourse of poverty reduction, ‘less a shallow neoliberalism of deregulation and more a deep neoliberalism of fundamental social transformation’ (Cammack, 2004: 209). If the term ‘neoliberalism’ is to be used, it is essential not to equate it with an unrepresentative subset of the composite global policy mix of the 1980s and 1990s, which was always as much concerned with restoring/extending the hegemony of capital over labour as with extending the ‘market’.

The broader meta-narrative within which this current narrative fits, then, from the late twentieth century onwards, is one of transition to global capitalism. Within this broader meta-narrative, the ‘crisis’ that began in 2007 figures as a secular and macro-historical turning point, marking the shift of the world’s ‘economic centre of gravity’ to Asia and/or the emerging economies – crucially, again, a change that is seen as permanent, rather than as a temporary aspect of a passing crisis. Thus Mohamed El-Erian describes the global economy today in the latest issue of the IMF in-house magazine Finance & Development as ‘in the midst of secular and structural realignments at the national, regional and international levels as relative dominance and dynamism shift from the older advanced economies to emerging market economies’ (El-Erian, 2012: 29), and the same sentiment is routinely expressed in the publications of all the international organizations concerned with global economic governance, and the financial media more generally. The OECD, coincidentally, released in May 2012 its own new projection, based on staunchly optimistic assumptions with regard to the recovery of fiscal stability and growth in the US and Europe, which still shows the
combined weight of India, China and the rest of the non-OECD world going from a 23 per cent share of global GDP in 2005 (nominal US$ at market exchange rates) to 49 per cent by 2050 – or from 34 per cent to 57% in 2005 PPP (OECD, 2012a: 217). And the Asian Development Bank bases its medium- and long-term policy prescriptions on a scenario in which Asia alone could ‘account for 60 percent of the change in world output between 2010 and 2050, and 65 percent of the growth between 2040 and 2050’, giving it just over 50 per cent of world output by 2050 (ADB, 2011: 31-2). These are shared assumptions on which the international organizations now routinely base their work.

The current narrative endorses the direction of IO policy prior to the crisis. Second, though, it effects a significant shift, in that leading emerging economies, particularly in Asia, are now identified as the most effective exponents of the policy in question. Third, it marks a moment of transition, highlighting the divergence between the paths of the advanced and emerging economies. And fourth, it identifies the problems besetting the advanced economies as a major risk to sustained accumulation in the emerging economies and the global system.

In this context, my orienting hypothesis is that to the extent that the governments of emerging economies or ‘rising powers’ tend to pursue capitalist development (a tendency explicable in the same analytical framework, but not to be seen as a consequence of the activity of international organizations), they will be supported in doing so by international organizations committed to capitalism on a global scale. This does not imply either an invariable or a common set of policies, as the specific content of policies advocated by international organizations and pursued by emerging economies/rising powers will vary according to context (schematically, position in the global economy, extent of development of social relations of production, and balance of class forces/state of class struggle). But their logic will always be one discernible as aiming to secure the hegemony of capital over labour, the formal subsumption of labour to capital, and competitiveness on both local and global scales.

THE ASIAN DEVELOPMENT BANK MOVES CENTRE STAGE

The final section of the paper will detail the centrality of the Asian Development bank to the definition and further elaboration of the narrative of transition to global capitalism in its current Asia-centred phase. It will demonstrate the shaping of ADB discourse and activity by the fused imperatives of completion of the world market and embedding of the capital relation, with specific reference to trade reform, scenario planning (Asia 2050), regulatory reform (labour and product market reform, finance
and social protection), infrastructural investment and regional integration, and national political economy (the middle-income trap).

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