The Shape of Capitalism to Come

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Abstract: The starting point for this paper is the observation that a reshaping of global capitalism is underway, centred on the rise of dynamic centres of accumulation in Asia. It is argued that a critical understanding of this process (supported without reservation by such organizations as the IMF, the OECD and the World Bank) requires a questioning of the imagined link between "capitalism" and the "West", and a recognition that the international organizations are committed to a universal project aimed at empowering capital and promoting competitiveness on a global scale. A case study is provided of the recently adopted plan for the creation of an ASEAN Economic Community as a "single market and productive space" by 2015. The regional context in which it is placed is contrasted with that of the European Union, and the need for further study of varieties of capitalism in emerging economies is noted.

Keywords: ASEAN, capitalism, competitiveness, neoliberalism, IMF, OECD, World Bank

Introduction

In August 2009, the London-based *Economist* (founded in 1843 by Scottish hat manufacturer James Wilson to campaign for free trade) reported that the gap between growth in emerging Asia and the G7 had never been wider: Asian production had turned up sharply in the second quarter while contraction continued in America and Europe, and Barclays Capital economist Peter Redward was forecasting average GDP growth of almost 5% over the year as a whole in emerging Asia, against a 3.5% drop across the G7 (*Economist* 2009a). A fortnight later it returned to the "astonishing rebound" this represented (*Economist* 2009b), upped the "growth gap" for 2009 to 9%, and dismissed the "green shoots" appearing in America as "nothing by comparison with the lush jungle sprouting in the East" (*Economist* 2009c). Picking up on the consensus of Western forecasters in 1998 and 2001, as well as earlier in 2009, that Asia's recovery would be slow, the weekly concluded that: "Westerners have always been too quick to pronounce the death of the Asian economic miracle" (2009c). It went on to downplay the dependence of the Asian tigers on exports to the USA (on the grounds that the increase in emerging Asia's trade surplus with the US between 2001 and 2006 contributed only 6% of its GDP growth), and predicted that in the context of rising labour supply and infrastructural investment in the region productivity should continue to rise. In contrast:

Antipode Vol. 41 No. S1 2009 ISSN 0066-4812, pp 262–280
doi: 10.1111/j.1467-8330.2009.00725.x

> In America and many other rich countries . . . potential growth rates are likely to fall over the next decade as soaring government debt and hence higher taxes blunt incentives to work and invest, the lingering credit crunch dampens investment, and increased government regulation deters innovation. All this could reduce productivity growth at a time when labour forces in these countries will be growing more slowly or even shrinking (*Economist* 2009c).

The conclusion?

> Emerging Asia as a whole might enjoy annual growth of 7–8 per cent over the next five years, at least three times the rate in the rich world. The sharp downturn in Asia late last year painfully proved that the region was not immune to America's downfall. But the speed and strength of its rebound, if sustained, show that it is not chained to Uncle Sam either. If anything, the crisis has reinforced the shift of economic power from the West to the East (*Economist* 2009c).

The *Economist* does not dwell much on the ugliness and inequality of Asian capitalism (in large part shared with capitalism everywhere), nor does it acknowledge the instability and ultimately insoluble contradictions to which it is subject. But it does pose a challenge for the radical and progressive critics of the contemporary global order whom I imagine as making up the bulk of the readership of *Antipode*. Firmly rooted as it is in a tradition of political economy that dates back to Smith (and, albeit with a crucial critical inflection, to Marx), it suggests that much contemporary critical commentary commits the double error of taking the power of the USA too seriously, and not taking the dynamism of capitalism seriously enough. I explore these issues in what follows—with a first cut rooted in classical political economy, and a second cut which turns to its critique.

First Cut 1: Looking Back

It is not fortuitous that the liberal *Economist* identifies labour supply and labour productivity as the key issues in evaluating the prospects for short- and medium-term growth in emerging Asia and the West respectively. Adam Smith, at the very beginning of *The Wealth of Nations*, identified the "annual labour of every nation" as "the fund which originally supplies it [directly or through trade] with all the necessaries and conveniences of life which it annually consumes", and suggested that the relationship between production and consumption would therefore be "regulated by two different circumstances; first, by the skill, dexterity, and judgement with which its labour is generally applied; and, secondly, by the proportion between the number of those who are employed in useful labour, and that of those who are not employed" (Smith 1999 [1776]:104). The key to abundance, Smith insisted, depended more on the first than the second. He therefore set himself to inquire into the causes of the "improvement in the productive powers of labour" that had brought about the contrast he observed between "miserably poor" nations on the one hand, and "civilized and thriving" nations on the other (p 105). The same focus on the proportion of the population in employment and the productivity of their labour is central to the thinking of New Labour in the UK (evidence that Gordon Brown's Kirkcaldy roots go deep), and to the Paris-based OECD, whose *Economic Surveys* and annual *Going for Growth* series, launched in 2005, have labour resource utilization and labour productivity as central themes (OECD 2005:15).

In the same vein, it is the difference in levels of labour input and (especially) productivity between the "East" and the "West" that the eminent economic historian Angus Maddison identifies as the source of divergent patterns of global growth from the eighteenth century onwards. Maddison's calculations of long-term growth rates in GDP by region present a telling and topical picture (Table 1). They show a trajectory in which the "West" (made up, note, of Japan as well as Western Europe and the "Western offshoots"—the USA, Canada, Australia and New Zealand) becomes the source of the majority of global production only late in the nineteenth century, and is close to losing that position by 2001.

As it happens, a "leading economic consultancy", the London-based Centre for Economics and Business Research, put out a press release on 2 June 2009, on the basis of an apparently rather different calculation relating to the USA, Canada and Europe (the £10,000 annual subscription deterred me from closer enquiry). Headed "Western world drops below 50% of world GDP this year", it also suggested that it would

Table 1: Levels of GDP: world and major regions, 1500–2001 (billion 1990 international dollars)

	1500	1820	1870	1913	1950	1973	2001
Western Europe	44.2	160.1	367.6	902.3	1396	4096	7550
Western offshoots	1.1	13.5	111.5	582.9	1635	4058	9156
Japan	7.7	20.7	25.4	71.7	161	1243	2625
The "West"	**53**	**194.4**	**504.5**	**1556.9**	**3193**	**9398**	**19331**
Asia (ex. Japan)	153.6	392.2	401.6	608.7	823	2623	11481
Latin America	7.3	15.0	27.5	119.9	416	1398	3087
Eastern Europe and former USSR	15.2	62.6	133.8	367.1	695	2064	2072
Africa	19.3	31.2	45.2	79.5	203	550	1222
The "rest"	**195.3**	**501.0**	**608.2**	**1175.2**	**2137**	**6626**	**17862**
World	**248.3**	**695.3**	**1112.7**	**2732.1**	**5330**	**16024**	**37194**
% West/World	**21.3**	**28.0**	**45.3**	**57.0**	**59.9**	**58.6**	**52.0**

Source: Maddison (2005:11).

fall to 45% by 2012 (Centre for Economics and Business Research 2009). It is certainly to the point to note that if Maddison's figures above are reworked to deduct Japan's production from the "West" and add it to the rest of Asia, with the production of Eastern Europe and the Russian Federation being credited to the West, the percentage of global production attributable to the "West" falls to only 50.5% in 2001. One way or another, the brief period of absolute "Western" ascendancy (which I like to think may date from 14 March 1883) can be assumed to be over.

The much shorter recent period of 40 years from 1969 to 2009, representing the lifespan of *Antipode*, also represents the phase of descent of the USA in the global economy. The writing was on the wall for the dollar as the world reserve currency throughout the 1960s, and only ad hoc arrangements with the European states and increasingly tough mandatory and voluntary capital controls in the USA itself staved off until 1971 the final breaking of the fixed link between the dollar and gold (Eichengreen 1996:ch 4). Purely for chronological neatness, the creation of Special Drawing Rights at the IMF in 1969 to supplement the role of the dollar as a reserve currency may be taken as marking a turning point. By the time that US trade entered into deficit in 1976, real wages for US workers had peaked and begun to decline. As Table 1 shows, GDP growth in Asia (ex Japan), outpaced that of the US-dominated "Western offshoots" sufficiently between 1950 and 1973 to reduce the gap between the two groups from a half to a third, then accelerated after 1973 to increase more than fourfold over the period, propelling Asia well ahead of the "Western offshoots", whose combined GDP did little more than double. The commonly quoted assertion that growth has been slower since 1973 than before is true for the West, and for the world as a whole. But Asia is the exception. Add to this the observation that the "world market" envisaged by Marx and Engels over a century and a half ago came into being only in the 1990s, and it is reasonable to suggest that far from it being the case that capitalism is a "Western" phenomenon, its "Western" phase, protracted though it seems from the point of view of the present, has merely coincided with its pre-history as a genuinely global form. If so, we may need to learn to think about capitalism without thinking first about the USA.

First Cut 2: Looking Forward

The argument made above in relation to the USA is just as strong in relation to Western Europe, whose larger continental economies in particular have been singled out by the OECD as laggards in the labour utilization and productivity stakes (OECD 2005:ch 1 and Table 1.1, p 24). In fact, the grim pursuit of global competitiveness in continental Europe dates back to the failure of Mitterand's 1981 socialist government and its capitulation in 1983 to the power of global finance capital. From it emerged what Abdelal (2007:ch 4) has called the "Paris Consensus" leading to the European Single Market and monetary union, pressed forward by Jacques Delors (Mitterand's Finance Minister and subsequent President of the European Commission), his *chef de cabinet*, Pascal Lamy (subsequently Director General of the WTO), and Michel Camdessus (Governor of the Banque de France under Mitterand, and subsequently Managing Director of the IMF). Following the mandating of freedom of movement for capital in 1988, the creation of the single market in 1992 and the introduction of the euro in 1999, the European Commission in 2000 launched the Lisbon Agenda (largely foreshadowed in the Delors White Paper on Competitiveness published in December 1993). Intended to make the EU the most competitive, knowledge-based economy in the world by 2010, and currently dubbed the Strategy for Jobs and Growth, it has limped along, suffering the indignity of a re-launch in 2005 after initially limited progress, and is far from achieving its objectives, as the logic of neoliberal reform meets resistance from entrenched welfare states and entitlements (Offe 2003). Given this record and the current crisis, the prospects for successful realization of the Agenda at any time in the near future, let alone by 2010, looks bleak.

In another respect, however, the European Union, like the OECD, has been much more successful—in exporting its models of integration and the promotion of competitiveness to the developing world/emerging economies. The pre-accession and accession processes that accompany enlargement are powerful, formal institutional processes through which liberal reforms are induced (Grabbe 2006), and as I have discussed elsewhere the EU energetically promotes competitiveness in Latin America, in conjunction with the UN's Economic Commission for Latin America and the Caribbean (Cammack 2007). In relation to the Asian context, the EU has recently claimed some credit for another development—the adoption of the ASEAN Charter, "an EU-inspired document that aims to make ASEAN a rules-based organisation" (EU 2009), and the commitment of the 10 members of ASEAN to the creation of a single market and productive space in the region by 2015.[1] Ironically, perhaps, the prospects for the ASEAN Economic Community look brighter than those of the EU, precisely because of the more robust state of capitalist development in the region.

The ASEAN Charter and Asian Integration

Following the adoption of the ASEAN Charter at the end of 2008, the 14th ASEAN Summit approved the Cha-am Hua Hin Declaration on 1 March 2009 and thereby the Roadmap for an ASEAN Community, to be implemented by 2015 (ASEAN 2009a:1–3). The Charter, intended as noted above to make ASEAN "a more rules-based, effective and people-oriented organisation", consisted of five elements: blueprints for the ASEAN Political-Security Community (APSC), the ASEAN Economic Community (AEC), and the ASEAN Socio-Cultural Community (ASCC), a Strategic Framework for the Initiative for ASEAN Integration (IAI), and a Work Plan to complete the process by 2015 (ASEAN 2009b:2–4). Two days earlier, on 27 February, ministers had signed the Agreement establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA); at the Summit itself agreements on investment and trade in goods and services within ASEAN itself were signed; and subsequent months saw investment agreements with Korea (June) and China (August), and a Trade in Goods agreement with India (August).

The ASEAN Economic Community Blueprint approved at the 14th Summit, aimed at the creation of a single market embracing the 10 member states, recalled in its preamble the adoption of ASEAN Vision 2020 at the Kuala Lumpur Summit in December 1997 (with its commitment to the creation of a "stable, prosperous and highly competitive region with equitable economic development, and reduced poverty and socio-economic disparities"), the Bali Summit decision of October 2003 to create the ASEAN Economic Community by 2020, the 2006 agreement of the ASEAN Economic Ministers to develop a *blueprint* for the Economic Community by 2015, and the decision taken in January 2007 (at the 12th ASEAN Summit) to "hasten the establishment of the ASEAN Economic Community by 2015 and to transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital" (ASEAN 2009a:21). It pledged to establish ASEAN as "a single market and production base making ASEAN more dynamic and competitive", and at the same time to "address the development divide", by accelerating the integration of Cambodia, Laos, Myanmar and Vietnam. And as foreshadowed two years earlier, the single ASEAN market and production base would comprise five core elements: "(i) free flow of goods; (ii) free flow of services (iii) free flow of investment; (iv) freer flow of capital; and (v) free flow of skilled labour" (p 22). In every one of these areas, the emphasis was upon improving the competitiveness of the region in the global economy. And the vision of an Economic Community in place by 2015 was buttressed by two complementary initiatives—"a scorecard to monitor the implementation of the blueprint (for first report in October 2009); and a communications plan to inform and engage all stakeholders in the AEC building exercise" (ASEAN 2009b:7).

The picture this presents should give pause for thought. The decision to move to a single market and pursue liberal principles of integration has come *despite* three successive crises in a decade—the "Asia" crisis, the collapse of the "dot-com boom", and the current crisis.

The response of the ASEAN 10 has not been to reject integration into the global economy, but to reinforce their common commitment to regional integration in pursuit of global competitiveness. The overall shape of the framework has close affinities with that of the EU (though crucially it lacks the EU's central supranational authority structure), and the design of the economic community is thoroughly in line with the current thinking of the Bretton Woods organizations, even down to the focus on *skilled* labour, and the cautious attitude to freedom of movement for capital. Indeed, the impetus behind it is celebrated in the latest *World Development Report* as "a special blend of regional integration against a backdrop of globalization" (World Bank 2009:113). But this does not make it an imposition on the part of the "West" or the international organizations, let alone of the USA. The European Union has no particular leverage in the region. None of the leading protagonists are dependent upon IMF support, and the evidence of WDR 2009 is that the Bank is taking lessons from Asia rather than the reverse. And while there are certainly governments among the ASEAN 10 that are close to the USA—the Philippines under Arroyo being the most conspicuous case—they are in a distinct minority. Malaysia in contrast has been notoriously hostile to external imposition; and the smaller economies of Vietnam and Laos—still like China under the rule of monolithic Communist parties—have taken a Chinese path of liberalization under tight party control which is the product of quite specific regional and national circumstances (Painter 2003; Gainsborough 2007, 2009; Kittikhoun 2009; Stuart-Fox 2005). Vietnam's liberalizing *doi moi* reforms ran ahead in some ways of those of China, and in Laos the adoption in the 1980s of the "New Economic Mechanisms" that spelled the end of socialism followed the recommendation of both Vietnamese and Soviet advisers (Stuart-Fox 2005:37–41). In 2007 Vietnam volunteered for a full-scale Investment Policy Review from the United Nations Conference on Trade and Development, once a bastion of national developmentalism but now an avid disseminator of integration and competitiveness (UNCTAD 2008). The Review (funded by the Government of Ireland) urged the Vietnamese Government to "consider a 'Doi Moi 2' in investment policy in order to allow companies to become more competitive, innovative, flexible and in tune with the needs of the people and the market", while devoting a whole chapter, at the request of the Vietnamese government, to attracting investment into the electricity sector (p 126). Indonesia, by far the largest economy in ASEAN, similarly put itself forward for an UNCTAD Peer Review on Competition Policy in July 2009 (UNCTAD 2009). Malaysia has preceded and outdone the EU and its Lisbon agenda in its embrace of competitiveness and the knowledge economy, targeting women in particular as appropriate subjects for this exercise (Elias 2009). The orientation of these regimes reflects national trajectories that have seen the outflanking or defeat of more radical class and developmental projects by enthusiastic proponents of capitalist development.

What is more, the pattern of development that is emerging is heavily regional in character. Over 25% of ASEAN trade takes place between its own members, and another quarter or more (taking the total to 53% of exports and over 56% of imports) takes place with Japan, China and Korea. Add in the near neighbours of India and Australia, and the totals come to comfortably over 60% in each case. The EU and the US take less than 25% of ASEAN's exports between them, and account for only just over 20% of ASEAN imports, with the US trailing the EU in each case (calculated from official ASEAN statistics, available at http://www.aseansec.org/13100.htm). Add in the growth record of the larger Asian economies over recent years, and the relative prospects for the future, and a first observation is that ASEAN enthusiasm for integration into the "global" economy, which is real, is better understood in terms of the prospects and characteristics of the region than in terms of external imposition. Again, the Asian Development Bank is unequivocally supportive of the strategy of "weaning the region away from excessive dependence on demand in the G3 [the US, the eurozone and Japan]", and uninhibited in supporting it (ADB 2009:116).

It looks, then, as if in the first instance the ASEAN project should be approached as the outcome of coherent and perhaps well founded (equally, contestable and ultimately contradictory) capitalist development projects thoroughly embedded in the individual countries concerned, and supported by more or less hegemonic coalitions drawing strength from regional links. And the reasons are not far to seek. Surrounded by large economies enjoying dynamic growth, enjoying demographic profiles weighted as heavily towards the young as those of Europe are to the old, unencumbered by the legacy of heavy welfare entitlements, and generally characterized by solvent and well-founded banks, and low levels of personal and national debt, as both the *Economist* and the IMF are at pains to point out (*Economist* 2009b; IMF 2009c, 2009d), they might be expected to take a different view of the potential for capitalist development from their peers in Europe and the USA. In this context, the collapse of the derivatives markets and over-extended credit system in the USA, widely dissected across Asia, and notably addressed at length in the 2009 Annual Report of the Asian Development Bank (ADB 2009:3–12), has punctured the myth of the superiority of American capitalism just as definitively as the sweep of Japanese troops across the region after 1941 destroyed forever the myth of the superiority of the colonial powers.

For all that, though, capitalism is still capitalism. Having briefly taken its measure, I turn to its critique.

Second Cut 1: The Politics of Global Competitiveness

It is widely accepted that in the late 1980s and early 1990s the Bretton Woods institutions were the leading protagonists of a narrow neoliberal doctrine that sought to impose on the developing world a dogma revolving around the subordination of states to markets, with its attendant policies of privatization, liberalization and deregulation; and that thereafter an internal critique, further impelled by the resistance of the "anti-globalization" movement, prompted its replacement by the "Post-Washington Consensus", equally committed to "market-friendly development", but more receptive to a positive role for the state, and more sensitive to issues of poverty and social inclusion.

This is dangerously misleading. First, the doctrine propagated by the Bretton Woods institutions in the period (more clearly articulated at first by the World Bank than the IMF) was *fundamentally* social rather than economic in character, and aimed at transforming *social relations* rather than (just) economic policy in the developing world. Second, far from being a project aimed by the North (or even its single most powerful state) against the South, it was a part of a universal class project, originating in the developed world and aimed as much at the citizens of the developed world itself as those of the developing world—the global neoliberal offensive which had its roots in the UK and the USA in the late 1970s. And as we have already seen, it was carried forward as much by the EU and the OECD as by the IMF and the World Bank.

Williamson's widely cited formulation of the "Washington Consensus" (Williamson 1990) (which incidentally made no claim to the status it has since been accorded) made no reference to the central idea of the class project at its heart—that, to quote the World Bank's 1990 World Development Report, the only route to the abolition of poverty was to "promote the productive use of the poor's most abundant asset—labor" (World Bank 1990:3). The engagement of the world's poor in productive labour (or the creation of a genuinely global proletariat) has remained the central objective of the project ever since. The logic of its broader social dimension was that it would equip the poor for their "incorporation into and subjection to competitive labour markets and the creation of an institutional framework within which global capital accumulation can be sustained, while simultaneously seeking to legitimate the project through participation and a pro-poor agenda" (Cammack 2004:190). Given this broad agenda, developed in detail over the early 1990s, it necessarily took the view that the state had to be an active agent of change rather than a passive conduit for uncontained market forces, arguing that competitive markets "cannot operate in a vacuum—they require a legal and regulatory framework that only governments can provide". Hence "It is not a question of state or market: each has a large and irreplaceable role' (World Bank 1991:1).

The World Bank/IMF project was focused primarily on what may variously be called poor and middle income countries, developing societies or "emerging economies". But it cannot be seen in isolation. In precisely the same period a parallel strategy was being promoted—principally by the EU and the OECD—for the developed economies as a group, and the member countries of the EU in particular. This strategy aimed at re-asserting the authority of capital over labour, and restoring the capacity for capital accumulation and the extraction of surplus value from the proletariat—a process of "reproletarianization" alongside the "proletarianization" of the developing world. As noted above, it came as a response to the faltering economic progress of the states of continental Europe in particular.

The key theme running through all of these proposals is not privatization, or liberalization, or deregulation, but *competitiveness*—the creation of national environments characterized by competitive product and labour markets, in a global system regulated in such a way as to boost the level of competition on a global scale (Cammack 2006). The OECD Jobs Strategy of 1994 aimed at addressing the need for reform in the *advanced* economies of the world—through institutional reforms that would modify behaviour in such a way as to create competitive labour and capital markets, and eliminate alternatives to productive labour (Cammack 2006:7). And wholehearted though the support of the Bretton Woods institutions for these objectives has been, other UN agencies (the UNDP and UNCTAD) have been just as deeply engaged in their promotion in the developing world (as we have already seen in the case of UNCTAD), in particular around the Millennium Development Goals and the Monterrey Consensus. Even so, it is the EU (through the Lisbon Agenda, its pre-accession and enlargement processes, and its structured interaction with developing states through Economic Partnership Agreements) and the OECD, through its dealings with its own members and its programme of engagement with non-members, that have been the most powerful advocates and disseminators of this broad programme aimed at (re)asserting the hegemony of capital over labour on a global scale.

The OECD was set up in the first place after all to promote the development of a world economy governed in accordance with liberal principles. Its ambition to expand its influence beyond its core membership of developed states was signalled in 2006 with the statement that the organization was "setting its analytical sights on those countries—nearly the whole world—that embrace the market economy" (Cammack 2006:3, Box 1.1) and in 2007 with the placing of the banner "For a better world economy" on its website. It claims, with some justification, to be the lead agency promoting the smooth running and further development of the global economy. OECD Executive Secretary Angel Gurría described it, on the eve of the current crisis, as "a hub of globalisation—a centre for discussion where both member and non-member governments can come together to find the tools necessary to better manage globalisation", and went on to say exactly what that meant:

> But better managing globalisation often requires making painful reforms. And these reforms frequently entail highly visible costs for some clearly identifiable groups, whereas the benefits come later and are less certain and more diffuse. How can governments implement much needed reforms and not lose the public's support? *The OECD is a strategic partner of decision-makers in the political economy of reform* (OECD 2007:5; emphasis mine).

This formulation—that the international organizations see themselves as strategic partners in the political economy of reform—fits the case of all the organizations mentioned so far. Far from being the instruments of US hegemony or of any other grouping of advanced states, they are committed to strategic political intervention aimed at supporting the emergence and consolidation across the world of political regimes committed to the maximum development of the capitalist world economy; and the "politics of competitiveness" promoted by the IMF and the World Bank differs not at all from that propagated by the OECD and the European Commission. In each case, the objective is the same: to secure the hegemony of capital over labour, locally and globally. And this in turn means that the disciplines of capitalist competition must be internalized and enforced.

For example, the World Bank's 2007 edition of *Global Economic Prospects*, sub-titled precisely *Managing the Next Wave of Globalization*, took as its starting point the assumption that this would feature "the growing weight of developing countries in the international economy, notably the emergence of new trading powerhouses such as China, India and Brazil", along with increased productivity arising from global production chains, in services in particular, and the accelerated diffusion of technology (World Bank 2007:vii). It unequivocally welcomed the rise of a unified global capitalist market, and identified growing inequalities, pressures in labour markets, and threats to the global commons as "dislocations" that needed to be managed. Predicting that the global labour force would increase from 3 billion to over 4 billion by 2030 (with practically all the increase in the developing world), and that over the same period developing countries' share of global output would rise from a fifth to a third (in retrospect a conservative estimate), the Bank stated baldly that "Developing countries, once considered the periphery of the global economy, will become main drivers" (2007:xiii). Its took for granted that firms and workers in the rich countries would have to adjust to the global sourcing of services, commenting that "workers previously sheltered from global competition are facing greater job insecurity, downward pressure on their wages, and potential costs of adjustment in moving from one job to another or in upgrading their skills to obtain new employment following displacement (2007:123). In the face of this prospect, its message was uncompromising, in line with its commitment to the logic of competitive global markets, whatever adjustment costs they might bring. The "rapid pace of change and flexibility demanded by competitive global markets" was not to be avoided. Rather, all countries, rich or poor, would have to "review their domestic policy and institutional frameworks to ensure that their advantages can be exploited and that affected workers are supported when they incur adjustment costs" (2007:125). The Bank is at one with the OECD, advising of the need for a politics of *global* adjustment to conditions of genuinely globally competitiveness: wherever in the world you may be, in other words, *de te fabula narratur*.

Underpinning these initiatives, then, is not a project for the developing world, or the emerging economies, or the developed world, but a *universal* project aimed at maximizing the level of capitalist hegemony, capitalist development and capitalist competitiveness throughout the global capitalist economy. It is promoted principally by and through the international organizations, but it is focused on enhancing the capacity of *governments* to promote capitalist development, and premised therefore on the need for *all* governments to seek to secure the conditions for accumulation—competition between capitalists and the hegemony of capital in general over labour. It is in this sense that the international organizations are "strategic partners of decision-makers in the political economy of reform". The objective is a global order entirely shaped by the logic of capital, in which states regulate labour and capital in a manner conducive to creating competitive markets at national level, and simultaneously enhancing competitiveness throughout the global capitalist system as a whole. It vindicates a theoretical perspective which takes the global market as its starting point (Burnham 1994; Cammack 2003; Holloway 1994). And if that implies the shift of the centre of global accumulation from the West to the East, so be it.

Second Cut 2: Global Competitiveness and the Current Crisis

This logic has been perfectly reflected in the response of the international organizations to the crisis—they have asserted the need to redouble efforts to assert the global hegemony of capital over labour. Less predictable, and certainly unsettling for anyone who expected the crisis to lead to a repudiation of those organizations and the agenda they have pursued over two decades, has been the brilliant success with which their efforts were rewarded (see Cammack 2009 for a fuller account). In particular, the two headline initiatives with which the IMF returned to the centre of the stage—the "abolition of conditionality" through the introduction of the Flexible Credit Line, and the commitment to reform to enhance the representation of emerging economies in the governance of the institution—were not what they seemed to be. Far from being concessions to their critics, they were crucial steps in the advancement of its global project, for whose implementation the crisis provided a perfect opportunity. As the IMF's internal analysis of the crisis concluded, "Bottom line ... *the damage wrought by the crisis provides an opportunity to make progress on seemingly intractable issues. The moment should not be missed* (IMF 2009a:13; emphasis mine). For the IMF, the crisis represents an opportunity to perfect the "global architecture", by improving its powers of surveillance and policy influence and increasing the resources behind them. Its analysis began not with a careful consideration of the merits or otherwise of the policies promoted in recent years, but with the assertion that the *traction* of IMF surveillance (its ability to persuade governments to listen to and act upon its advice) needed to be improved (IMF 2009a:1). According to this analysis, individual governments tended to respond to the crisis with unilateral measures, rather than in a collaborative and coordinated manner—and when the need for cooperation was finally recognized it came, regrettably, through the "improvised" mechanism of the G-20 meeting (November 2008), rather than through the IMF, "the institution mandated to coordinate efforts to preserve global financial stability" (p 8). For the Fund to reclaim this role, the report concluded, it needed to address "deficits in ownership and effectiveness", and it was this logic which underpinned the call for the reform of quota shares, and representation on the Board and the IMFC, intended to make the Fund "a trusted actor at the center of the system" (p 9).

It seized the opportunity at the same time to address what it saw as a major obstacle to its influence, commenting that "it is no secret that members resist approaching the Fund for financing due to the political stigma of such borrowing" (p 11). This was the strategic goal behind its commitment to what was a carefully *selective* reform of conditionality: "Consideration should be given to establishing an effective crisis prevention instrument catering to *high-performing members*. For other members, the scope for access to high-access precautionary arrangements should be clarified" (p 12; emphasis mine). The ensuing proposal for a Flexible Credit Line "to provide assurances to members with a strong policy track record and sound fundamentals of rapid, large and upfront access to Fund resources with no ex post conditionality" (p 12), which was widely received as a victory for campaigners against the rigidity of Fund conditionality, was *not* a waiving of conditionality, but a form of *advance conditionality* aimed to support and protect already *unconditional* adherents to the global project—a reward for unconditionality, in short. It would complement the second leg of the system, the use of strategically targeted conditionality to exploit an *external* crisis to leverage desired reforms from lower-tier countries "that do not qualify for the new instrument". Approved by the IMF Board on 24 March, the Flexible Credit Line was described as "designed to provide large and upfront financing to members with very strong fundamentals and policies", with the added comment that "as access to the FCL is restricted to those members that meet strict qualification criteria, drawings under it are not tied to policy goals agreed with the country" (IMF 2009e). The meticulously orchestrated photo opportunity alongside the April G20 meeting, which saw three willing accomplices, Mexico's President, Felipe Calderón, Finance Minister, Agustín Carstens, and Central Bank Governor Guillermo Ortiz Martinez (all unconditional devotees of the IMF) step forward to be feted as the first beneficiaries of the Flexible Credit Line was a carefully prepared coup de théâtre: the announcement that Mexico would be the first country to sign up to the IMF's new Flexible Credit Line (Cammack 2009:13–14).

The proposal to reform the governance of the IMF, following years of foot-dragging and debate, was a complementary offensive move to empower the emerging *capitalist* economies in the institution. It is a prime example of a "seemingly intractable issue" (promoted by the IMF itself but unwelcome to some leading developed states) on which movement was possible in the context of crisis. The report of the *Committee on IMF Governance Reform* (IMF 2009b), chaired by another "unconditional", South Africa Finance Minister Trevor Manuel, was published in the days leading up to the April 2009 G20 meeting. Its brief was stated as having been "to come up with a broad package of reform measures that would help bring the Fund back to the centre of the world economy" (Manuel 2009). An essential part of this, entirely consistent with the global focus of the project it shares with the OECD, is that the voices of the developing or emerging economies, many of them in East and Southeast Asia, should weigh more heavily. The IMF wishes to facilitate the shift of gravity of the global economy to Asia, and with it to strengthen the hegemony of capital over labour in the region.

The aim of perfecting and enhancing the reach of the global neoliberal project is equally in evidence at the OECD, whose 2009 edition of *Going for Growth* insisted that "the debacle in financial markets does not call into question the beneficial effects of recommended reforms of product and labour markets in this report" (OECD 2009:4). And wherever Gurría speaks, he takes the same consistent message:

> Let us be clear, the crisis is not an excuse to delay structural reforms. On the contrary, it is by addressing our structural challenges that we will get out of the crisis. As the world strives to regain economic

> momentum, this is the moment to look at eliminating anti-competitive measures that reduce productivity . . . It is essential that developing countries, in particular, tackle these obstacles to productivity and growth. Structural reforms that free up the ability of the informal sector to enter and compete in the formal economy will propel economies forward faster (Gurría 2009).

The international organizations continue, then, to press the case for global competitiveness. And they have succeeded (with the conspicuous support of the British Government in particular) in seizing the initiative in the global response to the current financial crisis. Neither the extent of their influence nor the global neoliberal thrust of their project is in doubt.

Second Cut 3: Embedding Competitiveness in Southeast Asia

The distinctive feature of the Southeast Asian states is that they need neither to be coerced (like the states that remain under "second-tier" IMF conditionality) nor protected from disaster (like the unconditional allies of the IMF such as Mexico and Poland threatened by the crisis). There are cases outside the region, such as South Africa, where national leaders committed to neoliberal integration into the global economy are succeeding, in a hotly contested struggle, in embedding their desired reforms (Hart 2008; Narsiah forthcoming), and others, such as Brazil, where leaders with equally impeccable radical credentials, now consigned to the past, have taken "ownership" of similar projects. But the strongest evidence for the successful embedding of such projects comes from Southeast Asia, and it presents a considerable analytical and existential challenge to advocates of other more radical forms of politics.

Indonesia offers a case in point. The IMF has recently praised its decentralization and empowerment of local governments as "one of Indonesia's most remarkable achievements in the past 10 years", with Indonesia's almost 500 sub-national governments managing close to 40% of all public spending (IMF 2009c:annex 2:4). Carroll's recent account of the *kecataman* (sub-district level) reform funded by the World Bank-funded Kecataman Development Programme gives an insight into the agenda involved. What began as a pilot project in 25 villages in 1997 has since extended to 38,000 communities, making it the largest community development project in Southeast Asia (Carroll 2009:452). Its principal feature is that within a tightly defined framework, it allows "local villager participation and choice in the allocation of funds" (p 448). Carroll describes the project as a "neoliberal Trojan horse", because "what is radical about it is the manner in which neoliberal reform is delivered, in essence attempting to rebuild citizenship, from the 'bottom up', in a liberal market compatible manner, using the provision of debt-based funding for productive economic and social infrastructure as an incentive" (pp 448–449): "Put another way, KDP, drawing upon the political technology of 'participatory development', constitutes a distinctly different and temporarily effective delivery device for extending capitalist social relations and the institutions that the development orthodoxy posits should accompany such relations" (p 449). Participatory budgeting, Indonesian-style, is in the business of creating "new competitive market citizens", and, for the time being, with some success (p 449). This is evidence of a sophisticated and nationally managed project, consciously aimed at producing the social relations and local institutions on which capitalist accumulation and reproduction depend. Further evidence of the embeddedness of the project is provided by Rudnyckyj's account of "Market Islam" and the "spiritual economy" that links Islam and neoliberalism in the country. Rudnyckyj describes Market Islam as merging Muslim religious practice and capitalist ethics (Rudnyckyj 2009a). I can offer only the briefest taste of the rich ethnography provided, but it hinges, in the case of Krakatau Steel, on a conscious strategy on the part of management to secure the transition from national developmentalism to "a new political economic landscape increasingly characterized by transnational competition": "The managers reasoned that through cultivating the religious virtues of the workforce they could enhance company productivity, eliminate corruption, become more internationally competitive, and perhaps prepare employees for privatization of this state-owned enterprise" (Rudnyckyj 2009b:105).

Nor is Indonesia an isolated case. Elias notes the commitment of the Malaysian regime to "provide an enabling environment to ensure more effective participation of women in national development"; "Women will be equipped with the necessary skills and knowledge to enable them to be more competitive and versatile to meet the needs of the knowledge economy" (Ninth Malaysian Plan, cited in Elias 2009:477). And in the case of Laos, Singh finds (admittedly in what Stuart-Fox (2005:29) describes as a country "virtually devoid of civil society"), by following up what appear to be wholly stage-managed participatory events around the Nam Theun 2 hydropower project, that villagers are well informed, and when addressed often unequivocal in their support for the national project ("We want the dam, we want electricity, we want music CDs, we want them quickly!", Singh 2009:502).

Conclusion

There is a vast literature on "varieties of capitalism" in the developed world, generally revolving around a dozen or so classic cases, but relatively little of a comparative character on "emerging varieties of capitalism" in Asia, and less still that is focused on emerging capitalist projects and their contestation. One only needs to reflect briefly on the specificities of China, India, Brazil and the Russian federation (the BRICs), Indonesia and South Africa (making up the extended BRIICS), or Argentina, Mexico, Saudi Arabia, South Korea and Turkey (the remaining "new" members of the G20), let alone on the variety exhibited between Malaysia, Thailand, the Philippines, Singapore, Laos, Cambodia, Burma/Myanmar, Brunei Darussalam and Vietnam (the rest of ASEAN) to realize the extent of the challenge if we are to apprehend "with sober senses" the coming form of global capitalism(s) and the struggles that do and will surround them. The World Bank, a recent and enthusiastic convert to uneven development, has produced its own recipe ("unbalanced growth, inclusive development"), both for the world as a whole, and for East and Southeast Asia in particular (World Bank 2009:xxi, 194–196; Huang and Bocchi 2009:338–341, 350–356). We need to develop a robust critique. I have suggested that a shift of perspective is needed if we are to do so, away in particular from the ideas that capitalism is owned by the "West", or that the international organizations are the unconditional servants of the USA or the advanced economies, rather than regional partners in a universal project aimed at securing the global hegemony of capital.

Endnote

[1] The members of ASEAN (in order of magnitude of GDP) are Indonesia, Thailand, Malaysia, Singapore, Philippines (the ASEAN 5), Vietnam, Myanmar, Brunei Darussalam, Cambodia, and Laos PDR.

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