

# GLOBALIZATION, TRANSNATIONAL CORPORATIONS, THE STATE AND DEMOCRACY

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## INTRODUCTION

Transnational corporations (TNCs) are the most powerful actors in the socio-economic scenario (e.g., Boggs 2000; Gilpin 2000; Harvey 1990; Sassen 1998). My past empirical research (see for example Bonanno and Antonio 2003; Bonanno and Constance 1966; Bonanno and Blume 2001) has underscored that under globalization, TNCs enjoy enormous powers which are historically unmatched. Their hyper-mobility (Harvey 1990) has provided TNCs with a dimension that their – even so powerful – multinational counterparts never had. These expanded powers allow TNCs to significantly affect a nation-state's actions and avoid unwanted state demands as well as those of a number of social groups. Accordingly, my answer to the first of the three questions [see the introduction to this issue] addressed to each of the contributors to this special issue of the *International Journal of Sociology of Agriculture and Food* is that TNCs are the most powerful actors under globalization.

My past research has shown that globalization has weakened the nation-state and transformed it into an agent of transnational capital <sup>1</sup>(see Antonio and Bonanno 2000; Bonanno and Constance 2000). The loss of these state powers is part of a broader crisis of the nation-state which finds its most relevant aspect in the reduced ability of the nation-state to legitimize globalized social relations. The nation-state, in other words, is required to legitimize phenomena which are increasingly outside its sphere of control. The crisis of the nation-state is also a crisis of democracy in that the inability of the nation-state to regulate and control global actions diminishes the ability of its citizens to participate in decision-making processes. Additionally my work points out that TNCs maintain a contradictory relationship with the nation-state. While they impose limits on state powers, TNCs require state assistance to carry out processes of capital accumulation and legitimize them to various segments of society. In essence, I stress that the often mentioned TNCs' ability to bypass the state is a factor which only partially works in their favor. It is limiting because it diminishes the state capacity to control social and economic contradictions and ultimately intervenes in favor of TNCs. It follows that my answer to the second question addressed to the contributors of this journal issue is that the crisis of the nation-state and the continuous contradictory relationship between TNCs and the state represent the most relevant processes under globalization. Dwelling on these two answers, I will employ the rest of this article to explore the issue of future outcomes of globalization. The point that I will argue is that while globalization is a response of the dominant groups to the gains and status that subordinate classes obtained under Fordism, it contains important contradictions that allow the possibility for the democratization of contemporary society. I will develop my argument through four sections.

It is important to note at this point that the argument made in this article derives from my study of the agro-food sector. The agro-food sector is arguably one of the most globalized among all the economic sectors. While it retains significant regional and local components, a number of agricultural and food products are either globalized commodities and/or are controlled by corporations that are global. This situation enables the agro-food sector to be used as the basis of making generalizations for society at large. In other words, in this article I will employ my knowledge of the agro-food sector to speak about globalization in general. Simultaneously, it is also relevant to note that in a society dominated by processes of globalization, general statements about the nature of global society, its most relevant actors and future trends can be applied directly to the cases of agriculture and food.

In the opening section of the article I will discuss briefly one of the most important components of the pre-globalization period: Fordism. I argue that under Fordism, subordinate classes' social and economic gains established never-reached-before levels of substantive democracy. Globalization, I continue, represents a dominant classes' strike against subordinate classes' gains and, above all, an attack on the historical Left's core: labor and class-based movements. The historical left's most important gains came from its ability to organize and find strength in the factories, agricultural fields, and the other places of "production." Through capital hyper-mobility, production decentralization, and transnational competition, globalization severely diminished the sources of strength of the historical Left. This situation weakened labor and class-based political organizations and the classical view that sees these groups as the emancipatory actors under capitalism. I continue by arguing that resistance emerged from new social movements. The environmental and consumer

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movements are two among these new social movements. Because of their focus on quality of life and consumption, they offer an historical possibility to counter the power of TNCs and establish substantive forms of democracy. My point is that these new social movements represent the new emancipatory actors in the era of globalization.

The second and third sections scrutinize the spaces of emancipatory action. I identify one of these spaces as the state. Because of the contradictory relationship between TNCs and the nation-state, the state is called to support and legitimize corporate actions in a situation in which TNCs tend to by-pass state demands and consequently limit the state's ability to assist them. This situation also opens up a crisis of legitimation in which the state is called to justify actions that it cannot fully control and regulate. I further argue that the contradiction of realization experienced by TNCs is another space of emancipatory action. I develop this point in the essay's third section. I argue that TNCs' need to realize their production – to sell the commodities they produce and transform them into money – makes them vulnerable to new social movements' demands and create the possibility for more ethically and socially acceptable forms of production.

In the concluding section, I maintain that in spite of the above mentioned contradictions and anti-corporate movements, TNCs remain firmly in control of contemporary society. This situation makes the attainment of more democratic conditions a contested terrain, the outcome of which is decided by the ability of alternative forces to exploit globalization's contradictions, identify and use spaces of resistance, and avoid globalization's empty promises.

### **GLOBALIZATION AND THE CRISIS OF THE HISTORICAL LEFT**

Talcott Parsons (1971) spoke of the post-World War two era as the culmination of the modernization process, a period in which the parallel growth of the economy and the betterment of social arrangements provided the conditions for continuous stability and development. For Parsons and like-minded thinkers, the post-war Fordist era fulfilled the expectations of classical social theorists who saw, in the science guided-expansion of the economy and society the engines to achieve human prosperity. Even Marx – his sharp critique of capitalism notwithstanding – believed that the expansion of the forces of production would contribute to the development of society. Parsons' view presented the evolution of society in harmonious terms and failed to recognize the relevance of subordinate groups' opposition and their struggles in the generation of Fordist equilibria. At least in advanced societies, Fordism was characterized by the strength of organizations of the historical Left – and those based on labor militancy in particular – and their ability to establish *avenues* – i.e., codified collective actions – that they used to challenge dominant groups. These free spaces featured the subordinate groups' capacity to mobilize and use powerful instruments of protest which became codified in the laws and culture of numerous nation-states. The post-war social accord between management and labor gave considerable influence to the historical Left under Fordism. The strength of labor and subordinate groups' organizations and political parties also assumed historical relevance in light of the transformation of their social opposition. The Fordist period witnessed the final stage of the transformation of domestic capital into multinational capital. The emergence of a multinational bourgeoisie, multinational corporations, and state agents and agencies which operated in favor of multinational capital characterized this side of Fordism.

The struggle between subordinate groups and multinational capital defined the period's politics, equilibria, and, above all, contradictions. Fordist inclusionary pronouncements and outcomes never transcended the dominant classes' search for strategies to counter subordinate groups' power and remedy its consequences. This search came to fruition with the emergence of transnational social relations. The development of globalization meant that by altering established practices of capital accumulation and social legitimation, agents of transnational capital diminished subordinate groups' power and their ability to access Fordist emancipatory avenues. One result of this situation was that the organizations of the historical Left experienced difficulties in mobilizing their traditional members and responding to new corporate strategies. More importantly, they lost credibility and power which prevented them from countering processes of socio-economic polarization that dominated late twentieth century social arrangements (e.g., Coates 2000; Gray 1998; Greider 1997; Lash and Urry 1994; Walker 1997; Western 1995). Arguments equating expanded freedom with a reduced welfare state and the crisis of organizations and parties of the left delegitimized the historical Left agenda and legitimized growing class polarity. Paradoxically, under globalization, increased socio-economic polarization emerged along with the de facto elimination of the issue of class from contemporary social, political, and economic debates (e.g., Antonio and Bonanno 2000; Beck 1995; Eagleton 1996; Rieff 1993).

Framed in international competition for direct investments, TNCs' hypermobility pitted distant and different labor markets, pools of resources, and regions, one against the other. As often stressed, this situation reflected TNCs' ability to search for more convenient factors of production, a circumstance which rested primarily on the extent of social movements and political organizations' resistance. Additionally, this new organization of production entailed the fragmentation of labor in terms of both its physical utilization – through decentralized production processes– and its political unity –through the crisis of unionization (e.g., Gray 2000; Harvey 1990; Lipietz 1987). Simultaneously, the opening of global markets required communities to adopt new strategies to remain economically viable. Among those, the most frequently employed were the discounting of local natural resources, infrastructures and social services' prices, the introduction of tax abatements, and the adoption of general pro-corporate political measures, all of which were largely financed by public resources.

Because historically labor- and class-based movements identified production processes as the primary site of exploitation and the arena to concentrate struggles, their defeat indicates that globalization greatly advantaged TNCs at the *production level*. Indeed, the historical Left's most important gains came from its ability to organize and find strength in the factories, agricultural fields and the other places of production. Once production was decentralized across distant areas and in disperse subunits, labor pools were matched with far-away counterparts, and workers' sense of solidarity and cooperation were severely diminished by downsizing and transnational competition, it was clear that labor and its class-based ideology which defined its modern struggles lost most of its power.

At the same time, the nation-state entered a period of crisis and became increasingly – but not totally – unable to act as a counterpart to the economic and social demands of subordinated groups. The state's decreased capacity to control TNCs and a broader array of unwanted consequences of capitalism - e.g., unemployment, underemployment, social degradation - sharply lessened the effectiveness of subordinate groups' claims against it. In this context, the state became much less able to direct the socio-economic development of needy groups and region. The management of projects such as community development, enhancement of employment opportunities and regional planning became increasingly difficult for agencies of the state as they lacked the instruments to establish sufficient control over the most relevant components of development (e.g., Bonanno and Bradley 1994; Buttel and McMichael 1994).

The crisis of the historical Left, its increased inability to mobilize social forces and augmented TNCs' powers at the production level problematize labor's role as the subject of emancipatory actions. Certainly, this situation also reflects broader changes in the production sphere and civil society. The tertiarization of economic activities in advanced societies, the automatization and computerization of labor tasks, sharp increases in productivity, and other factors all contributed to a much weaker position of the labor movement and class based political organizations (Coates 2000; Money 1992; Regini 1992; Western 1995).

The situation is different for the case of other contemporary social movements. A current abundance of literature (e.g., Bauman 1998; Beck, Giddens and Lash 1994; Giddens 2000, 1994; Melucci 1996) stresses the role that *new social movements* played in the process of democratization of society. Great emphasis has been placed on the contributions that movements such as the feminist movement, the civil rights movement and, to a greater extent, the environmental movement provided to the establishment of democratic spaces. Because of their emphasis on individual emancipation, quality of life, and identity, these movements established a fresh version of radical democracy which broke decisively with traditional interest groups-based politics and political organizations. Proponents of this position argue that these movements have established new liberating sensitivities about the organization of society, its actors and resources which produced much desirable alternatives to exhausted welfare state-centered social democratic politics and repressive Marxist movements.

The environmental movement, for example, has been heralded as the force which could bring about new, more equitable and sustainable social arrangements and be the catalyst for the aggregation of emancipatory forces (e.g., Beck 1992, 1995; Buttel 1994; Dreiling 1997; Melucci 1996; Obach 1999; Schnaiberg 1980). This movement's challenges to traditional projects of socio-economic development, modernization theories, modern science and technology, sclerotic political strategies coupled with support for local groups, local knowledge, diversity, and identity contributed to the development of novel sensitivities which now permeate contemporary society and culture. Indeed, new social movements' emphasis on culture as the primary site of emancipatory struggles revived and reinvigorated – but also transformed – critical themes, which, in the historical Left was never able to elevate to shared societal visions.

The environmental movement – like other new social movements – is far from being a unified entity. Its fragmentation and plurality of theoretical outlooks have been widely documented (e.g, Benton 1996; Merchant

1997; Mingione 1993; Shabecoff 1993). Additionally, splits within the movement have translated into overt opposition and conflict in political debates and practices. Moreover, critics question this movement's ability to effectively direct anti-establishment struggles because they view it as a new form of traditional politics which divides progressive forces and neglects to address socio-economic inequality<sup>2</sup>. The phrase "sandals turned into suits," captures the charge that environmentalism has become a new bureaucratically organized elite of pseudo-leftist professionals (Piccone 1995).

Regardless of the debate about the emancipatory power of the environmental movement and its capacity to propose new forms of radical democracy, its impact on the culture and practices of today's society is significant (Beck 1997; Giddens 2000; Gray 1998; Harvey 2000). Core items of the environmental agenda – e.g., protection of natural resources, sustainability and ecological equilibrium – are fundamental elements of contemporary discourses and represent new sensitivities which are now constitutive components of today's culture. As Beck (1995:6) states the environmental movement's "topics and issues have become established: all political groups have inscribed them on their banners." While pro-environmental claims vary, and it would be erroneous to equate them with substantive behaviors, they are commonly adopted across socio-economic and political spectra. For instance, corporations often legitimize their actions and promote products by stressing environmental responsibility and soundness while political campaigns list environmental issues among their most important objectives<sup>3</sup>. Additionally, as Lash and Urry (1994:297) pointed out, even phenomena which historically taxed the environment, like the expansion of consumerism, have been captured by this movement and contributed to the development of enhanced levels of consciousness about the centrality of ecological issues. Consumption is informed more than ever by an environmental consciousness. In essence, as Yergin and Stanislaw (1998: 385) put it: "after more than a quarter century of activism, the environment is firmly ensconced as both a national and international priority."

The environmental movement's success in bringing its agenda to the fore is particularly relevant for the agricultural and food sector. Here, issues about food quality, environmentally sound production practices, environmentally oriented research and quality of consumption occupy center stage in contemporary debates. Buttel (1994:23) eloquently argues that "... one of the keys to a more satisfactory account of change in farming and agro-food system is to give greater attention to ... the role of environmentalism in shaping the emerging politics of agriculture." Moreover, this is not just a matter of politics and policy construction as sensitivities about environmentally sound food production and consumption permeate the everyday life sphere. Never before have issues about the ways in which food is produced and consumed been so closely scrutinized by the citizenry than today. Indeed, environmentally sound food production and consumption have been elevated to the rank of important cultural components and as such they are recognized – albeit in different degrees – as some of the new "rights" defining this global consumption oriented society (Lash and Urry 1994:297).

That environmentally sound food production and consumption sensitivities are significant parts of contemporary culture and occupy a center stage in public discourses are items of importance for this discussion on emancipatory actions. This importance rests primarily on the fact that the cultural relevance of environmental related issues contributes to the emergence of *historical possibilities* for the development of emancipatory struggles in contemporary society. The concept of historical possibilities indicates that conditions exist for the development of struggles which find in environmentally centered issues their *objectives* and in pro-environment groups their *subjects*. In this regard, the agro-food sector has already been the theater of numerous instances in which pro-environmental groups have been able to successfully counter the actions of transnational corporations and advance a pro-environment agenda<sup>4</sup>. More importantly, struggles for the creation of alternative forms of food production and consumption not only denounce and contrast TNCs' actions, but propose strategies which transcend the accumulation-based rationality of mass food production<sup>5</sup>. The point is that because of the widespread pro-environmental consciousness existing in today's society, there is a favorable climate for pro-environment calls which demand the opening of democratic spaces.

Consumption patterns based on new social movement-centered sensitivities represent important forces in countering the behavior of TNCs. In the case of agriculture and food, for instance, the emergence of new social movement-based demands for environmentally sound and healthier food items affected production, distribution, and social sites of consumption. Because of the large economic power associated with these types of consumers, TNCs have been particularly attentive to their demands<sup>6</sup>. In arguably an extreme rendering of this situation, Bauman (1992) maintains that consumption-substituted labor as the primary social site where identity and behaviors are formed. Standing at the opposite extreme, Fredric Jameson (1984,1994; see also Eagleton 1996;

Rieff 1993) questions the emancipatory scope of consumption. He points to TNCs' hegemonic powers and their ability to transform new and augmented consumption into novel markets which expand sales and corporate power<sup>7</sup>. While this objection captures some of new social movements' limits and the extent of TNCs' clout, it overlooks evidence pointing to the impact that environmental and other emerging sensitivities have had in the creation of fresh patterns of consumption.

In a recent book, Kim Humphery (1998) describes food consumption as a potential arena for the empowerment of individuals, the development of cultural alternatives and political resistance. Moreover, he insists on denouncing the misguided view that consumers are simply instruments of corporate power. Consumers, instead, are viewed as active actors who – while remaining subject to the clout of corporate guided consumerism – are the producers of usage and meanings which transcend the intentions of producers. In other words, it is erroneous, in this author's view, to reduce consumers to passive recipients of corporate messages and objectives. They form a group which has historically empowered itself in contemporary society. Similarly, Tim Lang (1999) stresses the emerging power of the “food movement” which despite setbacks “...has been successful in questioning the New Right logic of laissez-faire and deregulating” (Lang 1999:175; see also Gabriel and Lang 1995; Miller 1995).

Addressing the same issue, Lash and Urry (1994:296-8) indicate that contemporary social arrangements translate into expanded consumerism as individuals augment their ability to consume. This expanded consumption, however, entails a departure from early established, quantity-based models. Today's consumers, they continue, tend to stress quality rather than quantity of consumption. Consumers, in other words, are much more thoughtful about the content and values of their consumption and these are processes often inspired by the quality of the environment (air, water, scenery) which precedes, accompanies and follows consumption. This “reflexivity” about the conditions of consumption becomes an emancipatory process, they continue, which remains a condition for the creation of free spaces in society. Their notion of aesthetics captures the emergence of consumption patterns centered on meanings established through a critique of conventional postures. Departing from postures which do not problematize consumption, my point is that the convergence of new social movement-based sensitivities and consumption offers an historical possibility for the democratization of social relations.

#### **THE SPACES OF EMANCIPATORY ACTION: THE STATE**

My use of the concept of historical possibilities contemplates the fact that the existence of possibilities for emancipatory struggles does not translate automatically into actions. As indicated above, the environmental movement is split and its critics have been skeptical about its emancipatory capabilities. Moreover, the “green garb” has been adopted by a multiplicity of actors including transnational corporations. In this respect, the content of progressive actions and the extent of their emergence depend upon historical specific instances and their time and place-based particularities. More importantly, they depend on the extent to which critical stands are actually developed and opponents' weakness exploited. These are situations which cannot be established *a priori* without following mechanistic readings of social relations. What can be established, though, is the identification of possible social sites where the conditions for emancipatory struggles can mature. These are sites in which dominant groups can be contested and democratic spaces established. This statement requires additional discussion.

In my past research (e.g., Bonanno and Constance 1996), I stressed that TNCs and the state maintain a contradictory relationship while displaying internal contradictions. Accordingly, the pro-corporate stands taken by the state in globalization and the expanded powers of TNCs are accompanied by *limits*. This situation indicates that globalization is not automatically a sustainable system of capital accumulation and social growth and therefore conditions are present which can potentially open up possibilities for the democratization of these institutions.

In the case of the state, the possibilities for its democratization find their roots in the state's contradictory task of fostering capital accumulation while maintaining social legitimation. Under Fordism, this contradiction was managed by the establishment of an interventionist state which successfully balanced pro-accumulation measures with inclusionary social policies (Antonio and Bonanno 2000; Bonanno and Antonio 2003). The crisis of Fordism signaled the end of this equilibrium as mounting economic, social and political costs accompanied state intervention. Under globalization, the contradiction between capital accumulation and social legitimation remains. It has been contained, however, through economic growth fueled by the introduction of neoliberal economic policies and the concomitant reduction of state intervention. The latter has been employed to indicate increased individual freedom and, therefore, to legitimize current social arrangements. Despite its “success,”

this equilibrium runs into the problem of the unresolved issue of the anti-democratic dimension of the restructuring of the state under globalization, or the *defordization* of the state. Claims of enhanced freedom and economic growth stand against a situation in which the defordization of the state engenders reduced spaces of public participation in decision making processes, diminished control of TNCs' actions, and augmented socioeconomic polarization. The previous discussion on the current characteristics of the nation-state is illustrative of this situation as declining state intervention translated into a crisis of democracy. This point can be further illustrated by employing the case of the growth of transnational forms of the state. It has been argued that the emergence of transnational state forms fills the vacuum left by the crisis of the nation-state. Because TNCs' scope of action is larger than that of the nation-state, coordination and promotion of capital accumulation must be elevated to the level of transnational state forms. Institutions, such as the WTO, United Nations, IMF, NAFTA and particularly the European Union, have appeared as entities whose more-than-national scopes allow them to perform these roles.

The instance of social legitimation is different. Contrary to the case of the nation-state, transnational states are mostly shielded from direct public participation in decision-making processes, facts which sharply diminish their "duty" to legitimate. Indeed, their functioning is largely based on the executive actions of elite bureaucracies with only remote – and in some cases non-existent – links with the constituencies they are supposed to represent. As indicated above, the WTO – perhaps the most important economic regulatory agency at the global level – has virtually no connections with the citizens of member countries. Even the European Union falls into this category. Despite its heralded democratic dimension and some important progressive postures that it maintained in a number of situations, its legislative and executive powers are detached from its elected bodies. To date, the directly elected European Parliament maintains only advisory rather than legislative powers (see Bonanno 1993). In this respect, Murray Low (1997) argues that because these forms of transnational state are, by design, insulated from public pressure their democratization is nothing more than a contradiction in terms (Low 1997:159). The result is that transnational states can foster capital accumulation while maintaining limited concerns about legitimizing it to subordinate groups. This task is left to the nation-state which is faced with the task of legitimizing events which do not necessarily involve popular participation. In other words, because the nation-state remains the site where citizens and government maintain forms of political interaction, the state is charged with carrying out processes of social legitimation whose roots derive from events that it can hardly control. The so often debated "revolt" of locally and regionally based groups against their national states can be explained in these terms.

This contradictory condition is magnified by the fact that the nation-state is a fragmented entity. This fragmentation of the state derives from the fact that subordinate groups control some of its parts. Because of this fragmentation, the class nature of the nation-state does not automatically translate into its total subordination to the interests of dominant groups. Indeed, this situation makes the nation-state the site of resistance to dominant groups' designs as the actions of subordinate groups problematize the state's ability to perform social legitimation.

It is important to stress that this situation does not translate automatically into an overt crisis of legitimation. The economic expansion of the last decade, TNCs ability to co-opt opposition, and the crisis of alternative projects, such as socialism, have been among the events which contributed greatly to the legitimation of the status quo. However, these contradictions remain and the ability of dominant groups to manage them is not necessarily a given. Indeed, the actions of subordinate groups do problematize the precarious connection between the expansion of current forms of globalization and the claims about enhanced democracy and freedom.

### **THE SPACES OF EMANCIPATORY ACTION: TNCs, CIRCULATION AND THE CONTRADICTION OF REALIZATION**

TNCs encounter limits in their effort to accumulate capital. TNCs encounter resistance from a number of sources including social movements, segments of the nation-state and other TNCs. They are also exposed to a set of contradictory relations, including their position *vis-a-vis* the nation-state and their own internal conflicts. These conditions open up spaces where resistance can be translated into TNCs' democratization since subordinate groups can force TNCs to conform to more democratically-oriented conducts of action.

Indeed, there is a dimension of TNCs interaction with society which points to the emergence of a possible site for TNCs' democratization. I refer to the fact that TNCs are vulnerable to actions which are directed at

affecting the process of *circulation of commodities* and the related phenomenon of *realization of capital*. More specifically, TNCs are vulnerable to new social movement-centered consumption which finds, in the process of transformation of commodities into money, the locus of TNCs' weakness. My argument goes as follows. Commodity circulation is one of the primary aspects of the overall process of capital accumulation. For economic growth and equilibrium to occur, money must be transformed into commodities which in turn must be transformed back into money. Since the classical period, economists recognized that all products (commodities) must be sold. That is, they must be transformed into monetary forms if the condition of economic system equilibrium is to be achieved. Classical economists also indicated a second dimension of this process consisting of the fact that money must be invested in the next economic cycle to ensure continuous economic growth. Indeed, the velocity with which the money-commodity-money transformation occurs qualifies the rate of expansion of the economy as it allows a faster reinvestment of capital (capital accumulation). In his classical formulation, Adam Smith maintained that the equilibrium between all the items produced and those sold would be achieved through the free movement of the market. More contemporary economic doctrines, such as Keynesianism, acknowledge the difficulties that free-market-based equilibrium entails and contemplate the possibility of state intervention. For Keynes, the transformation of commodities into money is maintained through state regulation and control of markets.

In his *Capital*, Marx distinguished between circulation and realization of capital. The first refers to the scope of circulation of capital. That is, through circulation, time- and place-bound production escapes its original condition and acquires new forms and meanings. This is a situation which cannot be omitted since commodities "cannot acquire universal social validity ... except by being converted into money." (Marx and Engels 1977:201). Additionally, "the ceaseless augmentation of value ... is achieved by the more acute capitalist by means of throwing his money again and again into circulation" (Marx and Engels 1977:254-55). The second refers to the fact that production must be "realized," that is it must be transformed into money (i.e., sold) for the process of capitalist accumulation to continue. For Marx the primary contradiction of realization rests on the fact that capitalist production mandates the creation of surplus value. Surplus value refers to the quantity of value created by workers through labor which is expropriated by the capitalist class (profit). Because the quantity of value produced (more or less the equivalent of commodity prices) is always greater than the amount of value (wages) received by workers, the latter cannot consume what they produce. This situation generates crises which can be defined in terms of overproduction or underconsumption. Avoiding deterministic postures, some segments of the Marxian scholarship recognized the existence of factors which delay the realization crisis. One of these factors is the expansion of consumption fueled by financial strategies (credit) and cultural models (consumerism) (e.g., Mandel 1976; Marcuse, 1964; O'Connor 1988; Sweezy 1942).

The processes of circulation and realization of capital mandate the lack of obstacles to the transformation of money into commodities and back into money. Yet, as it has been recognized by both classical and contemporary theories<sup>8</sup>, the manner in which commodities are transformed into money is determined historically, that is, it depends on the availability of socio-economic conditions which allow the equilibrium between production and consumption to be achieved. This situation signifies that the ability of TNCs to realize capital depends on the conditions which characterize processes and markets through which their commodities are produced and exchanged. Under globalization these conditions involve, primarily, the achievement of equilibrium between TNCs' hyper-mobile global production and the existence of stable communities of consumers which can effectively contribute to the process of capital realization. It depends ultimately on the recreation of levels of social interdependence that have been disrupted by the crisis of Fordism and its equilibria. In the current historical conditions, the establishment of these equilibria are affected by the socioeconomic polarization which increasingly marginalizes significant segments of the world population<sup>9</sup> and by the type of consumption that characterizes contemporary social arrangements (e.g., Gray 1998; Hammond 1998; United Nations 1999).

One category of consumption which is relevant to my argument is that of "new social movement-centered consumption." As illustrated above, this is a type of consumption which Lash and Urry (1994) called "reflexive consumption" and Humphery (1998) described as one which empowers consumers and pushes them toward cultural subversion and political resistance. It mandates consumers' behaviors which are inspired by new social movements' sensitivities, and therefore, pay particular attention to the forms of production and products' social contents. As illustrated by pertinent literature (e.g., Lang 1999; Lash and Urry 1994; Miller 1995), this type of consumption questions key features of global corporate production (e.g., it stands against sweatshop-based manufacturing; the use of child labor; the exploitation of women in maquiladora plants; the abuse of human and environmental resources; the destruction of cultural enclaves, etc.) and the quality of products (e.g., it supports

healthier, environmentally sound, multicultural products). More importantly, this type of consumption expresses a critique of TNCs' established behavior which favors quantity-based mass production over quality. The existence of new social movements centered consumption signifies that individuals and groups who share this posture have the opportunity to establish enhanced forms of democracy by intervening in the realization process. Because TNCs need to realize, emancipated consumers can demand that TNCs modify their actions to generate qualitatively advanced products and more ethically and socially acceptable forms of production. They can use this corporate weakness to control TNCs' activities and demand accountability in a context in which other forms of control (i.e., the nation-state) experience a crisis.

## CONCLUSIONS

These possibilities of establishing democratic spaces are contextualized in a situation in which TNCs remain endowed with significant powers including that of shaping consumption. Even as consumers escape the "logic of capitalist production," Jameson and like-minded thinkers remind us that new and potentially emancipatory forms of consumption can be turned into profit enhancement instruments. Additionally, the actual exploitation of TNCs' weaknesses depends on the strength of anti-corporate movements which seldom appear to be unified and armed with coherent visions which decisively break with patterns of global capital accumulation. Yet, globalization's contradictions remain. TNCs' expansion has been based on the breaking of Fordist arrangements and the transnationalization of social relations. While production and consumption increased to the benefit of the upper and middle classes, socio-economic polarization has risen, as well. Both within and between the North and the South, social and economic inequalities grew. More importantly, they are now largely viewed more as physiological rather than pathological forms of development. Additionally, the exclusion of subordinate groups and regions from economic expansion is mirrored by augmented exploitation as production is increasingly based on global sourcing for less costly resources and capital friendly socio-political conditions. This is a situation that dramatically re-proposes the question of sustainability at its various levels. For how long can capital hyper-mobility and global sourcing define the expansion of the economy without triggering a global crisis? For how long can global economic growth be based on the rampant and unchecked exploitation of natural resources? These are some of the questions which do not find adequate answers in the current trends of globalization.

This polarized economic scenario has been accompanied by the crisis of available instruments of control and organization of capitalism. Primarily, this situation is due to the crisis of the nation-state which historically has been the agent which coordinated capitalism and controlled its unwanted consequences. Alternative forms of the state have emerged. However, their ability to legitimize capital accumulation remains problematic at best. In effect, the current globalization continues to be a system incapable of maintaining legitimation at levels comparable to those previously generated by the nation-state. Simultaneously, the nation-state experiences a similar legitimation crisis as it is called to justify conditions which are largely defined outside its sphere of action.

Globalization emerged amid the promises of enhanced economic well being and freedom. Economic growth – although significant – is geographically and socially circumscribed and justified through the theoretical formula of the two-thirds society coupled with neoliberal policies. Though the combination of soaring financial markets and technological breakthroughs seduces the upper and middle classes of the North and the ruling elites of the South, it condemns growing segments of the world to marginalization and blames them for their assumed inability to take advantage of the new and abundant free market-based opportunities. The transnational states' neoliberal postures offer no alternatives to this pattern. Indeed, they propose its continuation through the further enhancement of the free circulation of capital, the abatement of pro-environmental and socially oriented regulations, and the restructuring of economic policies directed to the impoverished South.

The promise of enhanced freedom appears to be equally difficult to maintain and legitimize. Some theorists such as Lash and Urry (1995) heralded globalization as the era of renewed individual freedom as they demonstrated that individuals can create emancipated selves. However, they also indicate that the globalization project lacks the institutional instruments to reduce inequalities and address the demand for enhanced popular participation in decision-making processes. The crisis of the nation-state and the "covert" nature of the polity at the transnational state level are conditions which clash with the democratic dimension of popular participation in public life. Protests against the secretive, elitist, and pro-corporate posture of transnational organizations, such as the WTO, capture the difficulties that the legitimation of the pro-corporate globalization process encounters in the early part of the XXI century. The conditions of democracy, therefore, are defined by the ability of alternative forces to exploit globalization's contradictions, identify the spaces of resistance, and avoid



globalization's enchanting but often empty promises.

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## ENDNOTES

1. This issue has also been widely debated as some authors provided diverging explanations and indicated that not only the nation-state has not been weakened, but that it continues to retain significant powers (e.g., Gordon 1996; Hirst and Thompson 1996).
2. Research documented the difficulties that the environmental movement encounters in dealing with demands stemming from labor. It has been argued that often the environmental movement and labor stand in opposition as the former's agenda leaves the question of the economic well-being of lower classes unattended (e.g., Bellamy Foster 1993; Faber 1998). Because the environmental movement identifies in capitalism and its practices the primary sources of environmental degradation, it seldom distinguishes between the social position of labor and that of corporations. This posture results in environmental protest being equally directed against labor and corporations. Simultaneously, affected workers often respond by opposing environmental struggles (e.g., Bellamy Foster 1993; Obach 1999; Schnaiberg 1980). Additionally, research has also underscored that the emergence of environmentally based movements does not necessarily mandate anti-establishment consciousness. This type of protest is inspired by much narrower interests which do not transcend participants' survival strategies (e.g., Llambí and Gouveia 1994). Simultaneously, it has also been recognized that a progressive alliance between the environmental movement and labor not only is a situation which materialized in the past, but it is practiced in the present (e.g., Bonanno and Blume 2001; Dewey 1998; Dreiling 1998; Gordon 1998; Gottlieb 1993).
3. Lash, Szerszynski and Wynne.1996:19 write on this issue: "By the late 1980s in most industrial societies environmentalism has been adopted as an 'official' agenda of big business, government and international institutions such as the OECD and the EU."
4. My previous research alone illustrates a number of instances in which anti-corporate struggles emerged around environmentally based issues. Some of these struggles include the tuna-dolphin controversy (Bonanno and Constance 1996), the protest against industrialized hog production (Constance and Bonanno 1999) and the resistance against exploitation of timber resources (Bonanno and Blume 2001). Another example is the struggle against genetically modified organisms(GMOs) and their use in food production. A recent (1998-99) and corporate resisted boycott of GMOs in Europe motivated Archer Daniels Midland (ADM) to halt purchase of genetically modified grains from US farmers. Similarly, Heinz and Gerber suspended the production of baby food containing genetically modified components (Barry Johnson, Wagner, Underhill and Angell, 1999; Kluger 1999). These are examples of relatively successful struggles in which groups endowed with limited resources and experience were able to counter large and powerful transnational corporations.
5. For instance, the above mentioned struggle against GMOs has been accompanied by calls for the promotion of "slow food." This is an integrated system of food production and consumption which stands in opposition to corporate managed fast food (Miele and Murdoch 2000; Kluger 1999).
6. My research on the tuna industry is a case in point. The demand for environmentally sound production of tuna stemming from affluent, yet pro-environment oriented consumers altered established corporate strategies. Though continuously resisted, these actions represented a victory of the environmental movement over TNCs (Bonanno and Constance 1996). This research also is illustrative of the emergence of new views which break with traditional theorizations which dualize consumption and production by separating them (Dixon 1999: 152). While these postures find their roots in the Marxian critique of distribution-centered analyses and in marginal

economics responses, they contemplate consumption either as a almost direct derivation of production processes (e.g., Friedmann 1990) or as an entirely autonomous form socio-economic behavior (Parsons 1971).

7. Similarly in a recent study of hog production for alternative consumers in Iowa, Mark Gray (2000) argues that producers have little knowledge of the motivations, lifestyles, and consumption patterns of their clients. They consider this “informed consumption” a niche market to be exploited.

8. Marx describes this condition in these terms: “The division of labor converts the product of labor into a commodity, and thereby makes necessary its conversion into money. At the same time, it makes it a matter of chance whether this transubstantiation succeeds or not” (Marx and Engels 1977:203). Keynes speaks of the inadequacy of models which contemplate the automatic translation of the production of commodities into money. He, therefore, is careful in highlighting the danger of underconsumption as the socially grounded phenomenon in which production cannot be sold, i.e. transformed into money. Underconsumption along with its opposite, overproduction, have been the subjects of intense debate during the course of the second part of the twentieth century. More recently, James O’Connor (1988) stresses that the crisis of realization – or the first contradiction of capital – is accompanied by a second fundamental contradiction. He refers to the argument that capitalism undermines the reproduction of the conditions necessary for production (conditions of production). For O’Connor, the second contradiction of capitalism is the outcome of the capitalism engendered environmental crisis. In this case, the deterioration of environmental conditions generates capitalist underproduction or the inability of capitalism to maintain adequate conditions for the expansion of the forces of production.

9. Recently published data for the United Nations further indicates that the gap between the rich and poor is widening. It is maintained that economic globalization is fueling a “dangerous” polarization between a small group of super rich and a large segment of impoverished members of the globe’s population. According the data, in from 1995 to 2001 alone, the 200 wealthiest people of the world doubled their fortune to more than one trillion dollars while the number of those surviving with only one dollar a day has remained constant at 1.3 billion. In the early seventies, the wealthiest fifth of the world’s population was 30 times richer that the poorest fifth. By 1990 this ratio grew to 60 to 1, and at the end of the twentieth century it stands at 74 to 1 (United Nations 2002).