RADICAL INTERNATIONALISM NOW

The international institutional turn: the missing ingredient in Labour’s new political economy

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Labour’s economic agenda combines radical redistribution with the construction of new institutions that hard-wire democracy and social justice into Britain’s political economy. But its ambition remains largely national in scope. What policies could bring about an ‘international institutional turn’?

Martin O’Neill and Joe Guinan’s seminal essay on ‘The institutional turn’ begins with a quotation from Shadow Chancellor John McDonnell – ‘Another world is not just possible. It is within reach’ – before describing the Labour Party’s transformative agenda for Britain. This is a telling sleight of scale. For while progressive politicians are advancing a slate of new institutions to reimagine and reconfigure their domestic political economies, no such programme has emerged to address the international one. It is the central contention of this essay that an ‘international institutional turn’ is strategically necessary, politically desirable and morally urgent. But it is also, as John McDonnell suggests, eminently feasible: 100 days in No 10 could not only change Britain; with a robust international institutional agenda, it could change the world.
A turn not taken

So far, so uncontroversial. Few would object to the need for ‘internationalist’ politics in an age of increasing national chauvinism. UK Labour, for its part, has long proclaimed itself an internationalist party, and its members have taken up that mantle eagerly in their activism. ‘We must fight for an internationalist Green New Deal that shifts power to the many’, tweet Labour’s environmental campaigners. But we have scarcely interrogated what it means to be an internationalist in this new century. In some cases, internationalism is code for an exchange of ideas across a narrow strip of the Atlantic Ocean, and shared policy proposals are taken to indicate an expansion of consciousness beyond borders. In other cases, internationalism is defined as ‘solidarity’ for the Global South, with policies like the Green New Deal designed to reduce Britain’s dependency on resource extraction abroad. Across both, though, the project of internationalism is folded into a domestic ‘institutional turn’. Insofar as this effort relates to the actually existing international order, it aims to roll back the remnants of empire, rather than to roll out new and improved institutions that can co-ordinate action at the global level. Hence the subtitle of this essay: with the exception of John McDonnell’s embryonic ‘International Social Forum’, the international institutional turn remains a missing ingredient.

The implicit expectation of O’Neill and Guinan’s essay is that individual countries can effectively lead by example. ‘Corbyn’s Labour’, they write, ‘represents a historic opportunity … for the creation of a new economic model – one capable of drawing support from all those who want an equal and democratic society’. This amounts to a theory of change: ideas are contagious. Or, in the academic parlance, the Corbynomic model travels via *mimetic isomorphism*, as governments respond to the high degree of uncertainty in the global economy by looking for success stories further afield. One of the primary goals of Democracy Collaborative, the US think tank where Guinan is Senior Fellow, is to facilitate this process by exchanging best practices between communities on ‘both sides of the Atlantic’. Untouched, if not overlooked, are the international institutions that command a *coercive isomorphism*, pressuring governments to adopt the neoliberal institutional arrangement and disciplining the ones who don’t. From Tunis to Quito, raging protests against the International Monetary Fund suggest that mimesis is a political strategy too small and too slow for the urgent task of transforming global governance; coercion must be met with coercion, power with power. O’Neill and Guinan view global transformation as a product of their institutional turn, bubbling up from the grassroots. But in most cases – particularly in countries of the Global South that lack coercive power against transnational corporations and international financial institutions – it is actually a precondition.
Yet even among observers explicitly focused on global affairs, there remains significant resistance to the ‘international institutional turn’. Fascinatingly, these objections come from both sides of the debate that erupted between historians Perry Anderson and Adam Tooze. Anderson, channelling the Western Marxist critique, believes that the so-called liberal international order is just ‘one more cloying euphemism for US control’; any effort to reform these institutions is bound to reproduce US hegemony. The international institutional turn, according to the Anderson perspective, is a trap; its advocates the useful idiots of empire. Tooze, a master of the financial mechanics of globalised capitalism, believes that the liberal international order basically does not exist: global capital is ‘anarchy’, and its institutional managers operate ad hoc. The international institutional turn, from the Tooze perspective, is a chimera. No political project can grow out of quicksand; better to settle for technical tweaks and improvisational changes. ‘If globalized capitalism under conditions of partial democratic legitimation is the only game in town, the majority of the population, the “99 percent” may have an existential interest not in debating Ordnungspolitik, but in energetic and unprincipled discretionary action by technocratic crisis-managers’, writes Tooze, saying the quiet part of his political project loud. Both arguments essentially reify the actually existing architecture of international institutions – call it internalised Tina – and deactivate the internationalist imagination. The result is that much of the recent writing on the crisis of international relations is elliptical. ‘It remains unclear, though urgent’, writes legal scholar David Singh Grewal, ‘to determine what direction an international politics after neoliberalism could take’.

I argue here that the way forward for a post-neoliberal politics is through the international institutional turn. Borrowing from O’Neill and Guinan, I define this as a shift away from ‘tax-and-transfer’ policies that redistribute money from richer countries to poorer ones and toward a fundamental reconfiguration of the institutions that determine ‘who owns and controls capital’ at the global level. Policies based on redistribution continue to play an outsized role in social democrats’ approach to international affairs, as the reaction to Bernie Sanders’s Green New Deal policy proposal recently revealed: when Sanders announced the pledge to write a cheque for $200 billion to the UN Green Climate Fund – to be distributed among developing nations in their quest for a green transition – he was lauded for advancing a ‘Global Green New Deal’. The problem with such transfers is not just that they fail to challenge the exploitative imbalances in the global economy. Like tax-and-spend programmes at the domestic level, they are all too easily stripped away by future governments. The international institutional turn, therefore, should not be counterposed to the creation of a ‘new political economy’ at a domestic level. Rather, it is a necessary complement to the expansion of the economic democracy agenda at the national level. I now turn to consider the relationship between the two.
The dialectics of globalisation

International dynamics are not absent from the new economic thinking that has driven the Labour Party’s institutional turn (although the word ‘international’ appears only once in O’Neill and Guinan’s article, to ridicule the other members of the Second International). On the contrary, Labour’s new political economy is fundamentally a response to international dynamics, an effort to ‘rebuild communities ripped apart by globalisation’, as the Labour Party’s 2017 manifesto has pledged.11

The story goes something like this. In August 1971, President Richard Nixon directed the US government to ‘suspend temporarily the convertibility of the dollar into gold’, striking at the heart of the Bretton Woods system that had managed global macroeconomic affairs since the end of the Second World War, one of whose mechanisms had been the fixed exchange rates afforded by the gold standard. The ‘Nixon shock’ effectively put the nail in the coffin of the international compromise known as ‘embedded liberalism’, which sought to balance the promotion of international economic activity with the demand for interventionist domestic policy: the social-democratic consensus. The breakdown of that consensus then paved the way for a new consensus – the Washington Consensus – to emerge in the 1980s. The World Bank and the International Monetary Fund, the institutional remnants of the Bretton Woods system, then began trumpeting the virtues of liberalisation, encouraging capital to migrate south in search of lower wages and working standards. ‘The laws of economics, it’s often forgotten, are like the laws of engineering. One set of laws works everywhere’, said a young Lawrence Summers.12 As deputy secretary of the US Treasury in the early 1990s, Summers summarised well the strength of the Washington Consensus in his advice to the Russian government: ‘the three “-ations” – privatization, stabilization, and liberalization – must all be completed as soon as possible’.13

This dynamic has been neatly described by David Singh Grewal as the ‘dialectic of globalization’.14 The policy of liberalisation encouraged if not enforced by people like Summers created the conditions for economic transnationalism, with corporations in one country being able to move their capital quickly and fluidly to another. But the rise of this transnational economy required the formation of supranational institutions to ensure that transnational activity was indeed frictionless. And stronger supranational governance only served to stimulate further transnational flows. ‘First comes the empowerment of transnational (private) agents, on neoliberal grounds, which stimulates a supranational agenda in filling out cross-border governance gaps as necessary’.15

From its perch at the edge of the European Union, Britain has had a front seat to this dialectical process. The 1957 Treaty of Rome, the founding document of the
European Economic Community, defined its task as ‘establishing a common market and progressively approximating a harmonious development of economic activities’ – the creation of a single transnational space, where no duties, tariffs, or controls would obstruct the free movement of capital. But harmonisation is no easy task. The Treaty would have to provide for a new Commission and Court of Justice with the power to enforce economic liberalisation and discipline member states who violated the letter of its law – no matter if they did so with a democratic mandate. ‘Neoliberal legality thus begins in transnationalism but finds its completion in a depoliticized mode of supranational governance, which in effect extends the model of the “deregulated” national economy to the global level.’

It is little surprise, then, that scepticism towards the European Union runs deep among the Labour Party leadership. The trans-supra dialectic appears to present a clear and present threat to the Corbynomic model, premised as it is on reclaiming ownership by the public and for the public. Alternative Models of Ownership, a flagship Labour Party report from June 2017, seeks to rewind the processes of deregulation and deindustrialisation pushed by the EU to create new, local engines of community wealth. At its most strident, this project implies the need to exit from the European Union in order to extricate Britain from the trans-supra death spiral and demonstrate solidarity with the members of the Eurozone that have been its clearest victims. At its more modest, it argues the need to stimulate a muscular industrial policy under the banner of ‘Build It In Britain’, similar to Bernie Sanders’s plan for a Green New Deal in the United States. The goal of both positions is to ‘renew forms of national regulation, dependent on existing state sovereignty’, as Grewal recommends.

But the word ‘existing’ is doing much more work than it lets on, erasing from view the international institutions that have been constructed to provide for state sovereignty. Zooming out, it becomes clear that national sovereignty is meaningless in the absence of international institutions that protect it, enable it, and insulate it from external coercive pressures. This was the founding insight of the movement for a ‘New International Economic Order’ (NIEO) back in the early 1970s, when a collection of countries in the Global South petitioned the UN to restructure global governance so as to guarantee ‘Sovereign equality of States, self-determination of all peoples, inadmissibility of the acquisition of territories by force, territorial integrity and non-interference in the internal affairs of other States’. An international institutional turn, for these nations, was evidently necessary to ensure their capacity to deliver a domestic one. This is an insight even more relevant today, after four decades of economic integration have deepened international interdependence and exported entire sectors of the economy (e.g. a substantial proportion of world food production) and placed them beyond the supervisory reach of post-industrial countries like Britain. ‘The sheer scale of cross-border integration renders any
decisive retreat, if not impossible, certainly implausible’, wrote Matthew Bishop and Tony Payne in the last issue of Renewal.²⁰

In their essay, Bishop and Payne wield this fact of integration as a weapon against the would-be Lexiteers, whose project they describe as ‘deglobalisation from the left’. Instead, they call for a ‘progressive reglobalisation’, ‘a far sounder platform upon which to build progressive global left politics than the dubious promises of “deglo- balisation”’. But the memory of the NIEO reminds us that this is, in fact, a false binary. Every nationalism corresponds to an internationalism. Every turn toward national sovereignty is shaped by the international institutional context in which it takes place, just as every expression of internationalism is a product of the national context out of which it grows. The entire ‘history of internationalism is best mapped against these co-ordinates of nationalism’.²¹ This is what I call the second dialectic of globalisation.

Our present task, then, is not to change the scale at which we seek to address issues of political economy. Even the most ardent advocates of localism admit that co-ordination at the international level is both necessary to address existential questions like environmental breakdown and inevitable given the ‘existing’ depth of economic interdependence. Instead, the task is to switch tracks from the first (trans/supra) to the second (inter/nation) dialectic, reconfiguring institutional frameworks to enhance democracy at local, national and global levels.

Of course, the boundaries between these concepts are fuzzier than this framework suggests. Consider the International Labour Organisation (ILO). Founded out of the League of Nations, the ILO technically qualifies as international, with individual countries signing on as ‘High Contracting Parties’. Yet its administration is effectively supranational: it is staffed by an army of unelected bureaucrats whose task is to investigate member states and enforce their compliance with centrally devised labour standards. And its governance is effectively transnational, with a ‘Governing Body’ comprised not only of national governments with a democratic mandate, but also ‘persons representing the employers and persons representing the workers’, who are ‘elected respectively by the Employers’ delegates and the Workers’ delegates to the Conference’, according to the ILO’s 1919 constitution.²² These are not representatives of the collective interests of all national citizens; but of ‘private’, ‘special’ and ‘transnational’ interests of workers and employers.

Here, we can see that the boundaries on citizenship imposed by Grewal’s conceptual framework may be too narrow. Advocates of a (national) institutional turn – sometimes implicitly and sometimes explicitly – understand the nation as the only legitimate source of democratic procedure. But in doing so, they preclude the possibility of democratising the supranational structures as a response to their existing democratic deficit. Such a move appears oddly ahistorical (weren’t nations once
supra-regional structures with no democratic legitimacy?) and strategically unwise. Only 42 per cent of Europeans identify as ‘national citizens only’, compared to over 50 per cent who identify as citizens of the European Union. Does the institutional turn call on them to renounce their extra-national sense of citizenship? Or does it mobilise this sentiment to build new international institutions? It is to these questions that I now turn.

Staring down the split

For all the talk of dialectics, these are not theoretical questions. On the contrary, the international institutional turn is best understood as a political strategy to build a winning coalition behind the Corbyn agenda.

To make sense of this political logic, it is essential to approach the question of Brexit not as a temporary conflict in British politics, but as an enduring cleavage that cuts deep into the societies of virtually all industrialised democracies. ‘There is an emerging consensus among comparativists and EU scholars’, write Hooghe and Marks, that ‘European integration, immigration, and universalistic-particularist values’ have been pitted against ‘the protection of national (and western) values, defence of national sovereignty, opposition to immigration, and trade scepticism’. Brexit as a political event was far more than a revolt against Britain’s ruling class; it also captured this cleavage neatly, powerfully, and – as the years since the 2016 referendum have shown – durably. Any political economy worth its weight must reckon with this deep divide and how the Labour Party can succeed in bridging it.

Indeed, it should go without saying that winning elections – winning the opportunity to deliver on the promise of a domestic institutional turn – will require bringing Leavers and Remainers back together. Alas, much of the confident writing on the Corbyn project sweeps the issue under the rug, hoping with crossed fingers that the issue will fade to the political background, or classifying it as a secondary concern in communities where austerity remains a life-threatening political decision. Others call on the Labour Party to pick a side in the Brexit conflict. They mock the ‘petty “Little England” superiority’ that pervades the Leave camp, insisting that ‘national sovereignty’ is little more than a racist dog whistle. Or they mock the ‘petty cosmopolitanism’ of the Remain camp, ‘whose grandest political and institutional vision is the bureaucratic convenience of not being stopped at the passport barrier while travelling for a holiday or an academic conference’. The leadership of the Labour Party, for its part, has done little to adjudicate between them, and even less to unite them, preferring to put the issue ‘back to the people’. The result has been undisputedly disastrous: rather than bridging the two sides, the party has fallen into the chasm between them.
Bringing the dialectics of globalisation back in allows us to reframe the debate – and for the Labour Party to reclaim both of its sides. Forced into a binary choice on Brexit, many progressives have found themselves defending the European Union and obscuring the dangerous dynamics of the trans/supra dialectic. Bishop and Payne, in their argument for reglobalisation, insist on recognising the benefits of ‘social Europe’ and ‘the EU’s importance in global climate-change diplomacy’, failing to take seriously the sentiment felt across Leave-voting communities that see little of a ‘social’ nature in Britain’s EU membership. But advocates of exit are far too dismissive of the ‘phony cosmopolitanism’ of the Remain camp, mistaking the seed of internationalism for a mask of consumerism. In contemporary Britain, cosmopolitanism may well find its expression in Ryanair holidays, EU flags and fireworks. But every incarnation of cosmopolitanism is endogenous to the institutions in which it is contained; and for millions of Britons – young people, in particular – those were the institutions of the European Union. It is little wonder, then, that so many of them resist Britain’s exit from the EU: this has been the dominant cosmopolitan vision on offer. Rather than ridiculing the cause of Remain, then, the Labour Party must view it as potential energy for a new internationalist project. And to capture that energy, the party must fight not only to retain greater national sovereignty – listening honestly to the concerns of ‘left behind’ communities – but also to roll out an ambitious agenda for international institutional change.

If you build it …

What does that agenda consist in? Which institutions merit turning toward? And how is the international institutional turn concretely related to the domestic one?

To answer these questions, it is helpful to revisit the last international institutional turn and examine the sources of its success. How did the Washington Consensus manage to remake the world in its image? By creating positive feedback loops between national institutions and international institutions that reinforced the drive toward the ordoliberal arrangement. Let us return to Larry Summers and the hallowed ‘-ations.’ Privatisation of public assets offers a short-term boost to state coffers, but diminishes the resilience of public finance; when times get tough, as they inevitably do, governments are forced to apply for loans from the IMF; in return for loans, the IMF demands structural adjustment; structural adjustment entails further privatisation. Liberalisation of trade, to take another example, lowers consumer costs by outsourcing production; outsourcing leads to deindustrialisation; deindustrialisation increases dependency on imports; dependency locks in attachment to liberalised trade. These feedback loops push the entire institutional ecosystem toward a ‘point of no return’, from which it seems difficult to conceive of an alternative.
The next international institutional turn must aim to do the same in reverse. Consider a concrete proposal for the next Labour government: Replace the International Finance Corporation (IFC) – the World Bank Group’s engine of financialisation, which aims at ‘financial deepening and inclusion for private sector-led growth’ by commodifying public infrastructure and securitising micro-financial instruments – with an International Community Wealth Corporation (ICWC), specifically dedicated to funding worker co-operatives, local hospitals and community land trusts: in other words, the full range of ‘anchor’ institutions at the heart of the Corbynomic model. The UK could move unilaterally to capitalise the ICWC with a £2.6 billion grant, the same money that it currently dedicates to the World Bank Group, without adding a penny to government debt. The IFC has been driving a vicious cycle of privatisation, but the ICWC could drive a virtuous one of public wealth creation, replenishing communities around the world that have been gutted by austerity. The IFC has helped to drive these communities into isolation; the ICWC could support partnerships between public entities that share resources across borders (‘best practices’, but also staff and technical assistance). By endowing communities with greater economic resilience, then, the ICWC could help push the global economy toward a new ‘point of no return’, drastically diminishing the leverage of global finance vis-à-vis national economies.

A single new institution is obviously not sufficient to qualify as a ‘turn’. Even the ICWC would be dependent on a broader ecosystem of international institutions to permit funding to flow across borders, and to enable local co-operatives to compete in international markets. A full agenda for the international institutional turn remains to be set, although Shadow Chancellor John McDonnell has put this process in motion by launching a new International Social Forum (ISF). ‘This means a new left politics on trade’, writes Renewal commissioning editor Christine Berry of the ISF. ‘It means breaking up global mega-banks, forcing them to hold more capital and regulating their financial weapons of mass destruction. It means re-legitimising capital controls.’ On and on. Berry claims that ‘none of this is exactly doorstep politics’. Maybe that is the case in Britain, a place that is less often at the mercy of rapacious international institutions than, say, the countries of the Global South. But maybe not: connecting a programme of economic democracy at home with a clear agenda of economic democracy around the world could well be a strong pitch, in particular to those alienated Remain voters who accuse the Labour Party of advocating ‘socialism in one country’.

The broader point, though, is that any suggestion that there is currently a ‘crisis of multilateralism’ is at best half true, and at worst a lie. Antics of the Trump administration aside, the international institutional order remains very much up and running: when vacancies at the helm of both the World Bank and the IMF opened up this year, the US and Europe put aside their trade war tensions to respect the
gentlemen’s agreement that guarantees them leadership of their respective institutions. The primary responsibility of a Corbyn government would be to throw sand in the gears of those institutions, using Britain’s power of veto to break the vicious cycle that sustains neoliberalism around the world. But the discourse around the ‘crisis of multilateralism’ is also dangerous because it underestimates the prospects for a Corbyn government to create new multilateral institutions through which a new world order can blossom – first, through unilateral action; then, by inviting other countries to join it. It’s a mundane notion at the national level, but bears repeating in the discussion here: if the British government builds it – proposes new international institutions to build shared wealth and ensure greater equity between the Global North and South – then other countries will come.

Internationalism *quo vadis?*

In March 2002, just six months after the World Trade Centre collapsed in downtown Manhattan, Perry Anderson published a short essay that sought to summarise three centuries of ‘internationalist’ thought.30 Internationalism, Anderson argued, has taken many forms – from Kant’s *Perpetual Peace* to Marx’s International Workingman’s Association – but its basest expression could be found in the justifications for US empire, juxtaposed as it has been against the cowardice of ‘isolationism’. Just two years earlier, George W. Bush had campaigned for president on a platform of ‘a distinctly American internationalism’: ‘Idealism, without illusion. Confidence, without conceit. Realism, in the service of American ideals’, as Bush said in a 1999 speech at the Ronald Reagan Presidential Library in Simi Valley, California.31 Anderson wondered whether there would be a new life for internationalism beyond this morbid incarnation.

Meanwhile, we shelter under the skies of infinite justice and enduring freedom. But if it is possible to regret the days, not so long ago, when the civilization of capital went its way with less sanctimony, there is no reason to suppose that this is the end of the road for what might be meant by internationalism. Its history is full of ironies, zig-zags, surprises. It is unlikely we have seen the last of them.32

Unlikely it was. In the two decades since, the walls of the neoliberal fortress that once seemed impenetrable – patrolled as they were by US officials and US institutions and US military personnel – have begun to break, cracking under the weight of successive financial crises. Now, a movement is charging forward to storm that fortress, armed with a new political economy that promises to replace the institutions of extraction with those of democratic wealth. In the US as in UK, this movement is gaining strength at the national level, reclaiming social-democratic parties on its behalf. The challenge now is to bring this energy to the international
level, reimagining the international institutional architecture, and in doing so reclaiming the concept of internationalism itself. In the words of John McDonnell, ‘Another internationalism is possible’.33

The International Social Forum organised by the Shadow Chancellor is a promising first step (and one step more than progressives in the US have so far taken). McDonnell and his team understand clearly the stakes of the present international crisis and the value of ‘an internationalism that sees the world as it is, and sets out unflinchingly to change it’.34 But these efforts cannot be relegated to the margins of the Labour Party. The international dimension of its ‘institutional turn’ must be seen as a core feature, not a charitable addition. The good news is that the Labour Party is not alone. Around the world, activists, intellectuals, social movements and political parties are on stand-by, prepared to join forces and rally together behind a transformative politics on a global scale. A new international is waiting in the wings.

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Notes

10. Writing in The Nation, Tom Athanasiou describes the $200 billion transfer as the ‘true genius’ of Sanders’s plan, ‘its secret weapon’: Tom Athanasiou, ‘Only a global Green New Deal can save the planet: and Bernie Sanders has a plan for that’, The Nation, 17 September 2019.
13. Ibid.
15. Ibid.
18. Labour Party, Build It In Britain: https://action.labour.org.uk/page/content/build-it-in-britain.
28. Christine Berry, ‘John McDonnell is right: we need a new left internationalism’, Verso blog, October 2018.
34. Ibid.