Instituciones Internacionales: Para bien o para mal

Summary:

Introduction, International Institutions: For Better or Worst, Conclusion, References

Resumen:

Este artículo evalúa criticamente el rol de las instituciones internacionales, bajo la visión de los neo-gramscianos y los institucionalistas liberales. Los neo-gramscianos argumentan que el propósito de las instituciones internacionales es mantener el poder hegemónico. Y para lograr este propósito, el sistema capitalista se ha extendido a través de las políticas de libre comercio de la OMC y condiciones en los préstamos del FMI y del Banco Mundial. Por su parte, los institucionalistas liberales sostienen que las instituciones internacionales han permitido la cooperación y facilitado la consecución de objetivos comunes, disminuyendo la influencia del poder hegemónico.

Palabras claves: Neo-gramscianos, institucionalistas liberals, instituciones Internacionales, OMC, FMI, Banco Mundial.

Abstract:

This article critically assess the role of international institutions according to the neo-Gramscians ' and Liberal Institutionalists ' view. Neo-Gramscians argue that the real aim of these institutions is to maintain the hegemony. By doing so, the capitalist system has been spread in the world system through free trade policies driven by the WTO and through conditional loans given by the IMF and the World Bank. Liberal Institutionalists argue that international institutions have make cooperation possible and have facilitated the path to achieve common objectives reducing the influence that the hegemon has exerted over them.

Key words: Neo-Gramscians, liberal Institutionalists, International Institutions, WTO, IMF, World Bank.

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Introduction

The role of international institutions in shaping the world order has become a central point in the debate among neo-Gramscians and Liberal Institutionalists scholars. From the neo-Gramscians perspective these institutions are just another means to support Western hegemony, while for Liberal Institutionalists these institutions make cooperation possible to reach common objectives. Both approaches concur that the control exerted by the hegemon over the international institutions influence its behavior and represent the main problem of the institutions. In comparison, the Liberal Institutionalists solution of redesigning the institutions is a better alternative to solve this issue than the neo-Gramscians solution of beginning a revolution.

For the neo-Gramscians, the alliance of cosmopolitan bourgeoisie uses international institutions to spread capitalism, co-opt bourgeoisie from the periphery and impose the world order. Yet in stark contrast, Liberal Institutionalists argue that states use international institutions to make cooperation possible.

Even though the definition of hegemony differs between the neo-Gramscians and Liberal Institutionalists, they both evidence how the hegemon controls the international institutions performance. Neo-Gramscians explain this with the loans conditionality of the International Monetary Fund (IMF) and World Bank. Liberal Institutionalists prove it by showing how the IMF and the World Bank are used in order to pursue the hegemon’s foreign policy objectives.

Finally, while the neo-Gramscians solution, which leads to the emancipation from the hegemony, has high social and economic cost, the Liberal Institutionalist solution of redesigning the institutions is a better solution.

In order to emphasize the importance of this perspective, it is explained Marx’s, Gramsci’s and Cox’s approaches to the subject matter. Then the document continues by explaining the Liberal Institutionalists assumptions. The main differences and similarities of these statements are compared. In the next section, it is described the neo-Gramscian and Liberal Institutionalists analysis of the World Trade Organization (WTO), the IMF and the World Bank. Closing, the two approaches are summarized and evaluated on their theoretical merits and explanatory capability of the international system.
International institutions: for better or worst

One of the most influential critics of capitalism is Karl Marx. He stated that capitalism has created a class relation between a few owners of the means of production, the bourgeoisie and workers proletarians. Under this relation, the bourgeois benefit from the surplus value created by workers in a disable, exploitative and undemocratic way (Rupert, 2010). In his view, the bourgeoisie was also a dominant class who had the means to control the government and build power systems. Marx (1978) assumed that over time, the increasing exploitation of the proletariat would generate a revolution in which the proletariat would overthrow the capitalist system and institute the dictatorship of the proletariat. He also argued that the revolution would first take place in the most advance capitalist countries (Elster, 1986). Nevertheless, such a revolution has not occurred in most advance capitalist countries. Furthermore, not only does capitalism remain the dominant system in the world, it has also spread alongside democratic institutions.

Antonio Gramsci, the former leader of the Italian communist party, explained why the so called revolution did not take place in the most advanced capitalist countries but took place in Russia. He said that in Russia, the state was everything and civil society was not developed, while in most advanced capitalist countries, the relationship between state and civil society was proper and hegemony was established (Gramsci, 1971, p.238).

Gramsci based his explanation on the concept of “hegemony”. For him, hegemony is a relationship between classes, where the dominant class bears power over the subordinate class. This relationship is based on a combination of coercion and consent, where the latter is more used and important (Roger, 1991). In order to create hegemony and keep the capitalism system, the bourgeoisie managed to make the proletariat believe that the system was beneficial for them. Therefore, they would support it, encourage it and would not have the desire to start a revolution against it. The way bourgeoisies achieved this goal, was by spreading ideologies to “civil society” as if they were universal truths. This was accomplished through private organisms such as churches, schools, journals, clubs and political parties (Bates, 1975).

For Gramsci, civil society is a culture in the broadest sense and it is concerned with the way people live and think (Kumar, 1993). Thus, through ideology and culture, capitalism is supported (Ehrenberg, 1999). In his reflections, Gramsci also introduced the concept “historic blocks”. A Historic block is the result of alliances between various classes (Gill 1986, p. 210).

When Gramsci theorized about these concepts, modern international relations and institutions were not developed yet. Nevertheless, Robert Cox (1983) used Gramsci’s concepts of “hegemony”, “civil society” and “historic block” in order to frame it in an International Relations debate.

For Cox (1983, p.171), hegemony in the international level is a world order created by a coalition of social classes from different countries international historic block, in which one mode of production dominates and spreads into other countries. This world order is composed by a social structure, a political structure and an economic structure. It is also expressed in international institutions and universal norms. These universal norms or world values are spread within the world’s civil society in order to maintain their consent.

In Cox’s vision, the coalition of social classes is an alliance of cosmopolitan bourgeoisie. They share economic, political and social values and thereby define their mutual interest and delineate their own common ideology (Puchala, 2005, p. 577).

According to Cox (1983: 172) the alliance of the cosmopolitan bourgeoisie has used international institutions as tools to support their hegemony, to co-opt bourgeoisie from periphery and to impose the world order. He also states that international institutions helped to expand capitalism, and shape the countries policy in order to meet the interests of the liberal world economy. Because international institutions were created by the state that establishes the hegemony, they represent the ideology of the hegemony. International institutions also create consent among the world’s civil society through the spread of universal norms.

For all these reasons, Cox or “neo-Gramscians” affirm that the United States and other Western states have projected their hegemony internationally (Engel, 2006) and in order to change the system, a revolution within civil society must occur by spreading counter-hegemony ideas. Then, a revolution against the state should proceed (Cox, 1999: 3-8). The result of the revolution would be the emancipation of the proletariat.
Basically, neo-Gramscian statements have three assumptions. First, they consider that the world’s capitalist system is the problem. Second, that international institutions support the western hegemony. Third, that revolution is the solution of the problem (Cox, 1981).

Despite neo-Gramscian’s perceptions on the objectives of international institutions, for Liberal Institutionalists1 its aim is to make cooperation possible between rational and self-interested states in an anarchic2 world (Grieco, 1988). Based on common self-interest, states cooperate to maximize absolute gains (Nuruzzaman, 2008). International institutions make cooperation possible by influencing the states behaviour in order to achieve positive common goals (Keohane, 1984). So the reason why countries decided to cooperate is because international institutions are cost-saving, uncertainty-reducing and provide information to its members (Milner, 1998).

They also believe in cumulative progress and consider international institutions as a tool to solve global problems (Sterling-Folker, 2010: 117-118). For instance, when France, Germany, Italy, Belgium, the Netherlands, and Luxembourg decided to establish the European Coal and Steel Community (ECSC) in 1951, their common interest was to prevent another war between France, Italy and Germany (Diman, 2005). During the last sixty years, the ECSC has evolved and became an international institution called “The European Union” (EU). Nowadays, the common interest persists and it is almost impossible that any of the current 28 countries who are members of the EU would consider having a war among each other.

Another important aspect of Liberal Institutionalists is that they do not see a problem with the coexistence of a state and a world capitalist economy. They take the existing international system as given (Cox, 1992). For them the problem is the disparity of bargaining power between members of the institutions and how the institution behaviour is influenced by the most powerful members or hegemony (Tabb, 2004: 94). Indeed, Krasner (1991) argues that great powers bargain when the outcomes of the cooperation are acceptable for them. For this reason, the solution proposed by them is to redesign the international institutions (Sterling-Folker, 2010, pp. 123-129).

In summary, Liberal Institutionalists analysis has three assumptions about the role of international institutions. First, their aim is to make cooperation possible and pursue common objectives. Second, the problem is that the hegemon influences the behaviour of the institutions. Third, the solution is to redesign the institutions.

One of the most remarkable differences between neo-Gramscians and Liberal Institutionalists has to do with the aim of the international institutions. For the neo-Gramscians, the objective is to maintain Western hegemony through spreading the Western values and ideology. While for Liberal Institutionalists, the goal is to make cooperation possible in order to get collective outcomes.

Despite this difference, neo-Gramscians and Liberal Institutions have a similar approach towards the problem with the international institutions. For neo-Gramscians the problem is that international institutions helped to spread the capitalist system and keep the world order dominated by the alliance of cosmopolitan bourgeoisie. For Liberal Institutionalists the issue is the influence of powerful countries over the institutions behaviour. As seen, both approaches are concerned with the influence exerted by the hegemony3 over international institutions.

Another difference between neo-Gramscians and Liberal Institutionalists is the solution proposed by each one of them. Neo-Gramscians see revolution as a solution while for Liberal Institutionalists, redesigning international institutions is the solution. Among these solutions, the best alternative is to redesign the international institutions. The neo-Gramscians option is a less desired alternative because revolution has a high social and economic cost.

The differences and similarities between neo-Gramscians’ and Liberal Institutionalists’ approach could be evidenced in the analysis of the following international institutions: the WTO, IMF and the World Bank.

The WTO is a negotiation forum, a set of rules and a dispute settlement body. Its aim is to ensure that trade flows are predictable and flow as freely as possible between the 162 countries that belong to it (WTO, 2016). Nonetheless, for neo-Gramscians, the real aim of the WTO is to

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1 Liberal institutionalism analyses the role of International institutions in International Relations.
2 Anarchy means that in the world there is not a centralized authority or a supreme power that stand above states and govern the world (Powell, 1994).
3 As mentioned before, for Neo-Gramscian hegemony is the world order created by the alliance of cosmopolitan bourgeoisie. In which capitalism dominates and spreads into other countries with the consent of the civil society. Unsimilar, for liberal Institutionalists hegemony refers to an international system dominated by a powerful state or a coalition of powerful States which maintain their dominance through military and power superiority.
expand capitalism and the neoliberal ideology, benefiting the alliance of cosmopolitan bourgeoisie (Harvey, 2007).

However, Liberal Institutionalists believe that the WTO pursues their stated objective and explain that the reason why countries decided to cooperate under the WTO is that they all see common benefits in obtaining free trade. Countries believe in what Adam Smith’s (1776) Absolute Advantage theory and David Ricardo’s (1817) Comparative Advantage theory predicted. They conceived free trade as the solution for economic development and poverty reduction (Rodrik, 1994). For example, during 1980 and 2000, China and India achieved significant reduction in poverty and increased dramatically their economic growth as result of their free trade policies long with their integration into the world’s economy (Bhagwati & Srinivasan, 2002). In addition, Vietnam, Uganda and other developing countries reduced their poverty following the same free trade policy (Dollar, 2001). Furthermore, after the collapse of Communism, consumers in East Germany and Poland were able to afford “exotic” fruits as bananas and oranges for the first time in their lives following the implementation of free trade policies (Irwin, 2009).

Even though, neo-Gramscians are right at assuring that the WTO sustains capitalism and expands the neoliberal ideology of free trade, they are wrong at arguing that the WTO only benefits the alliance of cosmopolitan bourgeoisie. As mentioned above, also millions of poor people in China, India and developing countries have benefited from free trade.

Regarding the IMF and the World Bank, neo-Gramscians state that the objective of these international institutions is to extend, maintain and enforce the world order created by western hegemony (Puchala, 2005, p.571). The way they achieve this goal is through increasing the conditionality of the loans, where the alliance of cosmopolitan bourgeoisie packs their hegemonic ideas and the loans together.

During the last half century, the number of binding conditions required by the IMF and the World Bank has increased. The average IMF conditions in loan programs between 1952 and 1973 were four. However, from 1983 to 1995 the average increased to twelve (Gould, 2001). In the World Bank between 1983 and 1986, the average of conditions was thirty-four. This number rose to fifty-six during 1987 and 1990 (Dreher, 2002).

Regardless, the neo-Gramscian’s understanding, for Liberal Institutionalists, the IMF and the World Bank are institutions in which countries cooperate in order to solve financial crisis and fight poverty. Besides, the conditions are formulated by scholars specialized in economic development. In fact, the World Bank is considered the “Guru” of economic development (Hibou, 2000). Nonetheless, for Gramsci these scholars are “organic intellectuals” who contribute to maintain the hegemony over the society (Gill, 1986, pp.211-216).

However, this does not mean that Liberal Institutionalists consider that these institutions always attempt common goals. Various Liberal Institutionalists criticize the role of the IMF in the world economy. They claim that the IMF is dominated by the United States and that it is being used to pursue its foreign policy objectives (Tabb, 2004: 108). For instance, during the cold war loans were refused to leftist governments such as Nicaragua, despite they met all the loan requirements. More recently, an IMF loan for Croatia was denied based on the assumption that this country is not helping the United States war against terrorism (Tabb, 2004: 210). In contrast, in 2000, the IMF gave hundreds of million dollars loan to Ecuador because the United States wanted to ensure they could continue using their military bases located in Ecuador (Calomiris, 2000). Leech (2002) argue that the decision making process of the IMF is design to give power to the developed countries. Furthermore, pointed out that the United States has “de facto veto power” because most of the IMF important decision needs majorities of 85%, and this country has almost 17% of the votes.

Regard the World Bank, when senior officers of this institution act in opposition to the United States interests, they are forced to resign (Keohane & Grant, 2005). Moreover, the policies required by the conditionality of the World Bank and the IMF reflect the economic and strategic interests of the United States (Woods, 2006). Additionally, they stated that although it has been proved that some of the policies included in the conditionality of the loans have produce disasters, the IMF keeps pushing countries to follow them, (Dieter, 2000) moving the IMF away from achieving its aim.

As shown above, for the neo-Gramscians and Liberal Institutionalists, the hegemon uses international institutions either to extend and maintain the world order or to project its foreign policy objectives.

A common characteristic in neo-Gramscian analysis of the WTO, the IMF and the World Bank is that these institutions have helped to expand capitalism and by doing this, the
disabled, exploitative and undemocratic relations between bourgeoisie and proletarians remain. Therefore, neo-Gramscians state that proletarians must emancipate themselves from the bourgeoisie power with a revolution against it. This revolution ought to happen in two stages. First, as Gramsci (1971, p.388) mentioned, a new intellectual and moral order should be created, then the use of ideological weapons will be decisive. Second, once the consent of civil society is over, a civil war will occur.

The first stage Gramsci referred to as the creation of new intellectual and moral order combined with the use of ideological weapons is based on the formation of counter-hegemonic strategies. Since the hegemony is sustained in civil society, then civil society must be the ground which emancipatory counter-hegemony strategies will be implemented (Cox, 1999, p.3). A counter-hegemony strategy is the actions by which the proletariat challenges the dominant alliance of cosmopolitan bourgeoisie and seeks to replace it by consolidating an alternative hegemony (Hunt, 1990: 312). Specifically, this means that because the bourgeoisie keeps the consent of the civil society with ideas and values, the proper way to confront the hegemony is by changing the ideas and values. An example of counter-hegemony measures can be found in the protest against the IMF, the mobilizations against the World Bank, the “Carnival Against Capitalism” and all the protests against the G-8 meeting, the European Union and WTO that took place between 1999 and 2001 (Bieler & Morton, 2004). According with Hunt (1990, p. 325) “rights” can be part of the counter-hegemony strategies. As he explained, because rights are seen as common sense and are adopted within social practices, they have the capacity to show how things should be and therefore can provoke action.

One of the most effective counter-hegemony strategy that can be seen as a “transnational historic bloc in formation” is the World Social Forum (WSF) (Carroll, 2006). The WSF is an opened meeting body where NGOs, social movements and other forms of civil society organizations, who are against neo-liberalism policies and how the world is dominated by capital, gather to debate ideas (WSF, 2011).

The second stage of the revolution is a civil war. Once the counter-hegemony ideas have been spread and adopted by the civil society an inevitable war between the civil society and the bourgeoisie will occur. Because, in the neo-Gramscian analysis, the state, the government and all of the private organisations including churches, schools and journals, are dominated by the bourgeoisie to maintain consent, the civil society needs to destroy these entities and overcome the power of the bourgeoisie. This must be followed by the installation of an autonomous revolutionary government (Walt, 1998, p.33). In response, the bourgeoisie will use their control over the government and its monopoly on the legitimate use of violence to restrain the revolution and a civil war will begin.

Civil wars have multiples negative consequences to its population. These could be divided in two categories: in social and economic damages. In the social damage category, the worst direct social costs to the population are fatalities and population displacement. Not only military personnel and members of the armed revolution are killed, but also civilian, including child and women. For instance, Cairns (1997) shows that by the 1990s, almost 90 percent of the casualties in armed conflicts were civilian. Population displacement is another major problem. To avoid being killed, civilians leave their homes and try to find a safer place. Normally, the safer place, if any exists, is neither equipped nor designed to receive a large number of people. Thus, the displaced community will suffer from hunger and health problems.

The economical damages of a civil war are also numerous and complex. The more evident cost is the destruction of some resources. For example, part of the labour force would be killed, the infrastructure could be damaged, and the government will reassign public resources from productive or social activities to fight the war (Collier, 1999). In fact, the shift in the use of public resources has double consequences: the loss of the benefits that were being provided and the loss from the damage that they are now inflicting (Collier, 2003). For Chan (1985) the economic consequences of civil war are high inflation rates, war debts, high cost of military spending and in general the destructiveness of war.

As explained above, the neo-Gramcian solution is highly expensive in both social and economical aspects. Hence, the cost that civil society would have to bear is so high that it makes this option a non-viable alternative. Instead, Liberal Institutionalists solution of redesigning the
International institutions are a better alternative. Indeed, the WTO, the IMF and the World Bank have redesigned their roles and have reduced the bargaining power asymmetry of its members and have become more efficient in getting common objectives (Kahler, 1995). For instance, in the WTO developing countries have reduced the influence of the hegemon through the building of coalitions and have created a more equal decision making process (Mayne, 2002). The IMF has a new lending facility called “Flexible Credit Line” which does not include loan conditions (IMF, 2010). The World Bank has increased and diversified the number of experts in development. Besides economists, public policy experts, sector experts and social scientists are working on economic development (World Bank, 2010).

One of the most ambitious proposals to redesign the international institutions is the “Global Governance” initiative. This initiative is a working plan to address global issues “in ways which both protect against hegemonies of whatever kind and also promote the fundamental values of justice and freedom” (Global Governance Group, 2001, p. 3). In contrast to global government, global governance involves governments, business, NGOs and religious communities and its main objective is to increase the positive impacts of globalization and to reduce its potentially negative effects. Specifically, the work plan suggests that the mandates of the international institutions must be reviewed in order to guarantee that these institutions work to accomplish universally common goals. It also calls for a review of the gaps in institutional design, the barriers that prevent coherent behaviour and the possible sources of conflicting objectives (Global Governance Group, 2001). This initiative has made members of international institutions like the WTO, the IMF and the World Bank, think and debate about positive changes in the institutions.

Similarly, the World Economic Forum (2010) has launched a new redesigned initiative. In it, they propose to update and upgrade the international institutions accordingly with current global concerns such as global warming, systemic financial crisis, nuclear proliferation, etc. Their proposals are divided in systemic recommendations and issue-specific recommendations. All of them seek to improve the effectiveness of the institutions in achieving results.

These examples show two different alternatives to improve the effectiveness of the international institutions to achieve common goals and to solve current global issues. As Liberal Institutionalists mentioned, international institutions are not perfect but can be redesigned to improve their effectiveness and to eliminate the influence of the hegemony.

International institutions can also play an important role solving the neo-Gramscian’s problem and break the exploitative relation between the bourgeoisie and the proletarians. For example, the International Labour Organization (ILO) is an international institution which seeks to formulate and supervise international labour standards. Hence, this institution can also be used to at least reduce the exploitative relation, making it fairer. Moreover, the WTO has been used to relate labour standards and international trade. Finally, because international institutions have the power to influence the state behaviour, a strong international institution held by workers can be used to achieve some of the neo-Gramscian objectives with a lower social and economical cost than war.

The importance of the international institutions in shaping the world order has been analyzed with different approaches. For neo-Gramscians, the role of these institutions is viewed as effective but negative. Effective, because it has effectively contributed to expanding capitalism and negative because capitalism is an exploitative system. For Liberal Internationalists the role international institutions have played is positive but could be improved. It is positive because it makes cooperation possible and allows the achievement of common objectives but could be more efficient if it becomes more autonomous from the hegemony.

Conclusion

This article has identified, defined, and described the role of international institutions in shaping the world order according to neo-Gramscians and Liberal Institutionalists scholars. By doing so, two different frameworks were presented. Based on Marx, Gramsci and Cox, the article describes the main theoretical approaches of the neo-Gramscians. Viewed from this perspective, the real aim of international institutions is to maintain the hegemony and impose its world order. Thus, the capitalist system has been spread in the world system through free trade policies driven by the WTO and through conditional loans given by the IMF and the World Bank.

In contrast, Liberal Institutionalists theorists argue that international institutions
have made international cooperation possible and have facilitated the path to achieve common objectives and address world problems. In their view, states broaden their concept of self-interest in order to achieve international cooperation. For instance, the WTO, the IMF and the World Bank have helped to achieve economic development and poverty reduction, despite the influence of the hegemon.

Both approaches concur in recognizing the influence that the hegemon has over international institutions. Therefore, with the aim of overcoming its influence, the neo-Gramscians propose that proletarians must emancipate themselves from the bourgeoisie power with a revolution against it. Creating a new intellectual and moral order and beginning an arm revolution. Meanwhile, Liberal Institutionalists suggest that international institutions should be redesigned, to become more efficient and less influenceable by the hegemony. Due to the highly social and economic cost of neo-Gramscian’s solution, this last alternative is more desirable.

Further research could pursue to analyse the impact of the rise of China and the creation of new international institutions such as the New Development Bank⁴ (NDB) or the Asia Infrastructure Investment Bank⁵.

References


