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The New Imperialism

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OXFORD
UNIVERSITY PRESS

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All About Oil

My aim is to look at the current condition of global capitalism and the role that a 'new' imperialism might be playing within it. I do so from the perspective of the long *durée* and through the lens of what I call historical-geographical materialism. I seek to uncover some of the deeper transformations occurring beneath all the surface turbulence and volatility, and so open up a terrain of debate as to how we might best interpret and react to our present situation.

The longest *durée* any of us can actually experience is, of course, a lifetime. My first understandings of the world were formed during the Second World War and its immediate aftermath. Then, the idea of the British empire still had resonance and meaning. The world seemed open to me because so many spaces on the world map were coloured red, an empire upon which the sun never set. If I needed any additional proof of ownership, I could turn to my stamp collection—the head of the British monarch was on stamps from India, Sarawak, Rhodesia, Nyasaland, Nigeria, Ceylon, Jamaica . . . But I soon had to recognize that British power was in decline. The empire

was crumbling at an alarming rate. Britain had ceded global power to the United States and the map of the world started to change colour as decolonization gathered pace. The traumatic events of Indian independence and partition in 1947 signalled the beginning of the end. At first I was given to understand that the trauma was a typical example of what happens when 'sensible' and 'fair' British rule gets replaced by irrational native passions and reversions to ancient prejudices (a framework for understanding the world that was and is not confined to Britain and has exhibited remarkable durability). But as struggles around decolonization became fiercer, so the seamier and more nefarious side of imperial rule became more salient. This culminated, for me and for many others of my generation, in the Anglo-French attempt to take back the Suez Canal in 1956. On that occasion it was the United States that rapped Britain and France over the knuckles for resorting to war to topple an Arab leader, Nasser, who, in Western eyes, was every bit as threatening and as 'evil' as Saddam Hussein is now depicted. Eisenhower preferred peaceful containment to war, and it is fair to say that the global reputation of the United States for leadership rose just as that of Britain and France fell precipitously. I found it hard after Suez to deny the perfidious side of a nakedly self-interested and rapidly fading but distinctively British imperialism.

Things looked very different to a young student from the Bronx who came to Oxford in the early 1960s. Marshall Berman records how he could not stand the 'languid young men who looked like extras from *Brideshead Revisited*, who slouched around in tuxedos (which often looked like they'd been slept in), vegetating while their

fathers owned the British Empire and the world. Or at least they acted like their fathers owned the world. I knew how much of it really was an act: the Empire was *kaput*; the children of its ruling class were living on trust funds that were worth less every year, and inheriting companies that were going broke . . . at least I knew I was moving up in the world.'¹ I wonder how he feels now, with all those failed 'dot.com' companies littering the American landscape, accounting scandals, the catastrophic decline in stock markets that has destroyed a good chunk of everyone's pension rights, and sudden belligerent claims, most notably represented by the front cover of the *New York Times Magazine* for 5 January 2003: 'American Empire: Get Used to It.'² For me, it feels passing strange to come to consciousness of the world at the moment of one empire's passing and to come to retirement age at a moment of such public proclamations of the official birth of another.

Michael Ignatieff, the author of the *New York Times* piece, forcefully reiterates an earlier assertion (also in the *New York Times Magazine* of 28 July 2002) that 'America's entire war on terror is an exercise in imperialism. This may come as a shock to Americans, who don't like to think of their country as an empire. But what else can you call America's legions of soldiers, spooks and special forces straddling the globe?' The US can no longer favour empire 'lite' or expect to do it on the cheap, he argues. It should be prepared to take on a more serious and more permanent role, be prepared to stay for the long term to realize major transformative objectives. That such a mainstream publication should give such prominence to the idea of American empire has significance. And

Ignatieff is not alone in these assertions. Max Boot, an editor of the *Wall Street Journal*, opines that 'a dose of U.S. imperialism may be the best response to terrorism'. America must be more expansive, he says: 'Afghanistan and other troubled lands today cry out for the sort of enlightened foreign administration once provided by self-confident Englishmen in jodhpurs and pith helmets'. With their grand imperial traditions so nostalgically depicted, the British also got in on the act. The conservative historian Niall Ferguson (whose TV series and accompanying book document, in true patriotic fashion, not only the heroic deeds of Britain's empire-builders but also the peace, prosperity, and well-being that this empire supposedly gave to the world) advises that the US must stiffen its resolve, shell out the money, and 'make the transition from informal to formal empire'. A 'new imperialism', many now assert, is already in operation, but it calls for more explicit acknowledgement and a more solid commitment if it is to establish a Pax Americana that can bestow the same benefits upon the world as the Pax Britannica secured in the last half of the nineteenth century.³

This is a commitment that President Bush seems willing to make in spite of his declaration in a West Point speech that 'America has no empire to extend or utopia to establish'. 9/11, he wrote in an op-ed piece for the *New York Times* on the anniversary of that tragedy, has clarified America's role in the world and opened up great opportunities. 'We will use our position of unparalleled strength and influence to build an atmosphere of international order and openness in which progress and liberty can flourish in many nations. A peaceful world of growing

freedom serves American long-term interests, reflects enduring American ideals and unites America's allies. . . . We seek a just peace', he wrote while preparing to go to war, 'where repression, resentment and poverty are replaced with the hope of democracy, development, free markets and free trade', these last two having 'proved their ability to lift whole societies out of poverty'. The United States, he asserted, 'will promote moderation, tolerance and the nonnegotiable demands of human dignity—the rule of law, limits on the power of the state, and respect for women, private property, free speech and equal justice'. Today, he concluded, 'humanity holds in its hands the opportunity to offer freedom's triumph over all its age-old foes. The United States welcomes its responsibility to lead in this great mission.' This same language appeared in the prologue to the National Defense Strategy document issued shortly thereafter.⁴ This may not amount to a formal declaration of empire but it most certainly is a declaration redolent of imperial intent.

There have been many different kinds of empire (Roman, Ottoman, Imperial Chinese, Russian, Soviet, Austro-Hungarian, Napoleonic, British, French, etc.). From this motley crew we can easily conclude there is considerable room for manoeuvre as to how empire should be construed, administered, and actively constructed. Different and sometimes rival conceptions of empire can even become internalized in the same space. Imperial China went through a strong expansionary phase of oceanic exploration only to suddenly and mysteriously withdraw into itself. American imperialism since the Second World War has lurched in unstable fashion from one vague (because always left undiscussed) conception of

empire to another. If Bush the younger betrays a certain Napoleonic impulse, wanting to march on Baghdad and perhaps afterwards on Tehran (where some of the hawks in the administration apparently believe 'real men' truly belong), Clinton's approach (interestingly dubbed 'effeminate' by the Bush administration) more resembled that of the Ottoman empire at its height. Highly centralized within the US Treasury, where Rubin and then Summers were commanding figures, soft power was preferred to hard, and the rest of the world was treated with considerable multicultural tolerance. Politics was conducted in multilateral rather than unilateral terms. The construction of American imperial power under Roosevelt, Truman, and Eisenhower right through to Nixon, on the other hand, mirrored the subordinate client state approach of the Soviets rather than anything else, with the difference that Japan, unlike Hungary or Poland, was left free to develop its own economy provided it remained politically and militarily compliant with US wishes. The actually existing American empire was acquired, Ignatieff suggests, not in a fit of absent-mindedness (as the British liked to claim), but in a state of denial: imperial actions on the part of the United States were not to be talked of as such, nor were they allowed to have any ramifications for the domestic situation. It was this that produced 'empire lite' rather than an empire of solid, long-term commitment.⁵

There are plenty of people on what might be called the 'traditional left' who hold that the US has been an imperial power for at least a century or more. Fulsome analyses of American imperialism were available in the 1960s, particularly focusing on the US role in Latin America and

South-East Asia. There were substantive disputes between the then newly minted dependency theorists (like Frank) and those more inclined to take Hobson, Hilferding, Lenin, Luxemburg, and other turn-of-the-century theorists at their word. And Mao certainly considered US imperialism the primary contradiction with which he had to contend. But the publication of Hardt and Negri's *Empire* in 2000, and the controversy that surrounded it, challenged traditional debates and suggested that left opposition had to be rethought in relation to a decentred configuration of empire that had many new, postmodern, qualities. While critical of this line of argument, many others on the left began to recognize that the forces of globalization (however those might be construed) were creating a novel situation that required a new framework of analysis.⁶ The overt recognition of empire and of imperialism by those on the right as well as those of a liberal persuasion was therefore a welcome acknowledgement of what had long been the case. But it also indicated that imperialism might now be taking on a rather different allure. The effect has been to turn the questions of empire and of imperialism into open topics of debate across the political spectrum (it was noteworthy that Hardt and Negri's work gained attention in the mainstream media). But this then poses the further question: what, if anything, is new about all this?

I approach this question in the first instance through an examination of contemporary events. The US, backed by Britain, Spain, and Australia and with the approval of several other states, has gone to war with Iraq. But it has done so in the midst of fierce opposition from several traditional allies, most notably France and Germany, as well as

from long-standing opponents, most notably Russia and China. Popular mobilizations against the war have occurred around the world and there is a sense of bewilderment on the part of many as to why the Bush administration became fixated upon such a course of action. The evidence suggests that there is something deep at work in this. But it is hard to see what it is. These deeper meanings have to be excavated from beneath an incredible surface froth of misleading rhetoric and disinformation.

A Tale of Two Oil Producers

The coup that overthrew President Chavez of Venezuela in April 2002 was greeted with euphoria in Washington. The new president—a businessman—was instantly recognized and the hope expressed that stability and order would return to the country, thus creating the basis for solid future development. The *New York Times* editorialized in identical language. Most people in Latin America, however, immediately saw the hand of the CIA and recalled what the Chileans now ironically refer to as ‘their little September 11th’ of 1973 when the democratically elected socialist, Salvador Allende, was overthrown in a brutal coup by General Augusto Pinochet. In the State Department archive of that event there is a CIA cable that reads ‘It is firm and continuing policy that Allende be overthrown by a coup . . . We are to continue to generate maximum pressures toward this end utilizing every appropriate resource. It is imperative that these actions be implemented clandestinely and securely so that United States Government and American hand be well hidden.’⁷

It is not hard to imagine similar cables with respect to Venezuela adorning the State Department website at some future date.

The coup was reversed three days later and Chavez then came back to power. The State Department soberly denied any prior knowledge about anything, saying it was all an internal matter. It was to be hoped that a peaceful, democratic, and constitutional solution to the difficulties would be arrived at, they said. The *New York Times* editorial followed suit, merely adding that perhaps it was not a good idea to embrace the overthrow of a democratically elected regime, however obnoxious, too readily if one of America’s fundamental values was support for democracy.

The parallel with Iraq, incidentally another key member of OPEC, is instructive. There, the United States claims to have an interest in establishing democracy. Of course it had earlier overthrown the democratically elected Mossadegh of Iran in 1953 and installed the dictatorial Shah of Iran upon the throne. So presumably it is only democratically elected governments of a certain sort that will be tolerated. But in this instance the claim to want to democratize Iraq and the whole region was but one claim among a welter of often conflicting explanations given as to why it was important to be prepared to go to war. Most people, even supporters, were perplexed and confused by the rationalizations. It proved hard to get behind the clutter of disinformation and the perpetually shifting arguments. An early attempt to connect Iraq to the anthrax attacks in the United States failed miserably. While Iraq has a ghastly record of using biological and chemical weapons, most of this occurred when the United

States was supporting Iraq against Iran, and the State Department deliberately misled the world into thinking that both sides were then resorting to such heinous methods when it knew full well that Iraq was the sole offender.⁸ The equally ghastly record on human rights warrants consideration, but this hardly makes sense as policy when the US government proffers military assistance to Algeria—a country that vies with Iraq in terms of violent human rights abuses to suppress its Islamicist opposition (120,000 deaths estimated in the last eight years). William Burns, US Assistant Secretary of State for the Middle East, even went so far as to say that ‘we have much to learn from the Algerians when it comes to controlling terror’.⁹ This may explain why the issue of when torture might be justified suddenly became a matter of public debate in the United States (again given prominence in the *New York Times*).

Then there is the problem of the weapons of mass destruction. What Iraq does have is hard to know, but its military capacity was so degraded during and after the Gulf War that even CIA assessments considered it to be no real threat to the peace of the region. This made assertions that Iraq was a threat to the United States (with President Bush bizarrely going so far as to assert that an Iraqi attack upon the United States would do great damage to the US economy) sound foolish. The CIA concluded that Saddam would use biological and chemical weapons, if he had them, only if provoked. This made it doubly hard to explain why it was that the US seemed so determined to provoke him. Most probably Iraq is trying to go nuclear, but then so are a lot of other countries, with North Korea openly declaring so. The weapons

inspectors, when finally allowed in, could not find that much. In any case, regime change was the original objective and disarmament only became prominent as a reason to invoke the authority of the United Nations, given that the UN Charter does not allow for pre-emptive attacks. And if all that failed, then Saddam had to go because he was a liar (an appellation that sticks to so many politicians that it quickly became a joke), ruthless (but then so is Sharon), reckless (not proven), or an incarnation of evil that had to be combated as if war in the Middle East was an episode in some long-running medieval morality play (with Saddam cast as Mordor and George Bush as the brave Frodo accompanied by Blair as his faithful Sam). In the end it was all made to sound as if the US and Britain had become committed to some high-sounding moral mission to free the Iraqi people no matter what and implant American-style enlightenment in the Middle East.

In all of this, it was hard not to have the impression that something very important was being concealed behind a whole series of smokescreens. At first it seemed plausible that there was secret information that could not be revealed, but every time there was an attempt to reveal something from the secret archive it appeared either trivial, easily refuted, or, in the case of the British revelations that were plagiarized without acknowledgement from a five-year-old doctoral dissertation (part of which had already been published in *Foreign Affairs*), was so sloppily researched as to be hard to take seriously. Leaks from the intelligence community in the United States suggested that some of its members were unhappy with the way in which their information was being doctored by the

administration. Small wonder that the balance of world opinion, in spite of a bellicose press (all 175 newspapers owned by Murdoch world-wide, staffed by editors supposedly chosen for their independence, unanimously proclaimed war was a good thing, as did various others owned by media tycoons), and a lot of hectoring from the politicians, remained profoundly sceptical, if not outright opposed to war.

So what is really going on? The stated reasons fail to convince; they simply do not add up to a compelling case. What, then, might the unstated reasons be? And here we may have to confront the fact that these reasons may not even be well understood by the principal actors in the drama, or, if they are understood, that they are being actively suppressed or denied.

The Inner Dialectic of US Civil Society

Shortly before the German elections in 2002, the German Minister of Justice caused a furore by suggesting that the adventurism of the Bush administration abroad was designed to divert attention from its difficulties at home. Her mistake was to add that this had been one of Hitler's tactics too, and for that she had to go. The effect, unfortunately, was to bury any serious discussion on the first part of her proposition.

There is indeed a long history of governments in trouble domestically seeking to solve their problems either by foreign adventures or by manufacturing foreign threats to consolidate solidarities at home. The idea warrants serious consideration in this case because the internal

condition of the United States during 2002 was in many respects more parlous than it had been for many years. The recession that began early in 2001 (and which was prodded onwards by the shock of 9/11) would not go away. Unemployment was rising and the sense of economic insecurity was palpable. Corporate scandals cascaded over each other and seemingly solid corporate empires were literally dissolving overnight. Accounting failures (as well as outright corruption) and failures of regulation were bringing Wall Street into disrepute, and stocks and other asset values were plunging. Pension funds lost between a quarter and a third of their value (if they did not totally disappear, as in the case of the funds of Enron employees), and the retirement prospects of the middle class took a serious hit. Health care was in a mess, federal, state, and local government surpluses were evaporating fast, and deficits began to loom larger and larger. The current account balance with the rest of the world was going from bad to worse as the United States became the biggest debtor nation of all time. Social inequality had long been on the increase but the tax-cut fetish of the administration seemed set fair to increase it further. Environmental protections were being gutted, and there was a deep reluctance to reimpose any regulatory framework on the markets even in the face of clear evidence of market failure. To top it all, the president had been elected by a five-to-four vote of the Supreme Court rather than by the people. His legitimacy was questioned by at least half the population on the eve of 9/11. The only thing to prevent the political annihilation of the Republicans was the intense solidarity—verging on a nationalist revival—created around the events of 9/11 and the anthrax scare (still,

curiously, not solved and largely forgotten except as a harbinger of the sort of thing Saddam would be only too ready to inflict). While Afghanistan submitted to US power quickly and (for the Americans) bloodlessly, Osama had not been found 'dead or alive' and the war on terrorism was not producing very much in the way of spectacular results. What better moment, then, than to switch the focus to Iraq, as one of the key pillars in 'an axis of evil' that the hawkish members of the Bush administration had wanted to go after militarily ever since the inconclusive end to the Gulf War? That the diversionary tactic worked, at least in the short run, is a matter of history. The American public by and large accepted the idea that there was some sort of connection between al Qaeda and Saddam's regime and that the latter was in any case a sufficiently dangerous and evil enemy as to warrant military action to remove him. And en route the Republicans were able to consolidate political power through the Congressional elections, and the president could shed the air of illegitimacy that had hung over his election.

But there may be something far deeper at work here that converts what looks like shallow political opportunism into a compelling and enduring political force within the geopolitical history of the United States. To begin with, fear of Iraqi power and of a potentially disruptive pan-Arabic movement had long lurked within successive US administrations. Colin Powell had laid military contingency plans to deal with Iraq prior to the first Gulf War. Paul Wolfowitz, who became Bush's Deputy Secretary of Defense, had explicitly argued for regime change in Iraq as early as 1992 and publicly proclaimed so throughout the 1990s. Regime change became

accepted policy in the Clinton administration. A neo-conservative group brought together under the rubric of the *Project for the New American Century* in 1997 insisted on this as a key objective and urged that it be done militarily. The group included Rumsfeld, Wolfowitz, Armitage, Perle, and several others who were to form the core of Bush's defence and foreign policy team. Geographically, then, Iraq had long been in the sights of this group. But they recognized in a 1999 report that it would take 'a catastrophic and catalyzing event, like a new Pearl Harbor' to make a military strike acceptable internationally and domestically. 9/11 provided the opportunity, if only they could make a connection between Saddam and al Qaeda.¹⁰ With most of the American public uncaring and uninformed about almost anything geographical, it proved fairly easy to parlay the hunt for terrorists into a campaign to hunt down and remove Saddam. The rest of the world was not so convinced.

There is yet another dimension to this internal dynamic that needs to be understood. The US is a quite extraordinary multicultural immigrant society driven by a fierce competitive individualism that perpetually revolutionizes social, economic, and political life. These forces render democracy chronically unstable, difficult if not impossible to command except through the corruption of financial power. There are times when the whole country appears so unruly as to be ungovernable. Hannah Arendt captures what such a civil society is about exactly:

Since power is essentially only a means to an end a community based solely on power must decay in the calm of order and stability; its complete security reveals that it is built on sand. Only by acquiring more power can it guarantee the status quo; only

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by constantly extending its authority and only through process of power accumulation can it remain stable. Hobbes's Commonwealth is a vacillating structure and must always provide itself with new props from outside; otherwise it would collapse overnight into the aimless, senseless chaos of the private interests from which it sprang. . . . [The] ever-present possibility of war guarantees the Commonwealth a prospect of permanence because it makes it possible for the state to increase its power at the expense of other states.¹¹

The Cold War was over and the threat of Russians with snow on their boots plodding down across Canada was no longer credible. During the 1990s there was no clear enemy and the booming economy within the United States should have guaranteed an unparalleled level of contentment and satisfaction throughout all but the most underprivileged and marginalized elements in civil society. Yet, as Arendt might have predicted, the 1990s turned out to be one of the most unpleasant decades in US history. Competition was vicious, the avatars of the 'new economy' became millionaires overnight and flaunted their wealth, scams and fraudulent schemes proliferated, scandals (both real and imagined) were everywhere embraced with gusto, vicious rumours circulated about assassinations plotted in the White House, an attempt was made to impeach the president, talk-show hosts Howard Stern and Rush Limbaugh typified a media totally out of control, Los Angeles erupted in riots, Waco and Oklahoma symbolized a penchant for internal opposition and violence that had long remained latent, teenagers shot and killed their classmates in Columbine, irrational exuberance prevailed over common sense, and corporate corruption of the political process was blatant. Civil soci-

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ety was, in short, far from civil. Society seemed to be fragmenting and flying apart at an alarming rate. It seemed, as Arendt would put it, in the process of collapsing back into the aimless, senseless chaos of private interests.

Part of George Bush's electoral appeal in 2000, I suspect, was his promise of providing a strong-minded and tough moral compass to a civil society spiralling out of control. All of his key appointments came from the ranks of neo-conservatives with a bent, like John Ashcroft as Attorney General, for authoritarian state action. Neo-conservatism displaced neo-liberalism of the sort that Clinton had championed. But it was, of course, 9/11 that provided the impetus to break with the dissolute ways of the 1990s. It provided the political opening not only to assert a national purpose and to proclaim national solidarity, but also to impose order and stability on civil society at home. It was the war on terror, swiftly followed by the prospect of war with Iraq, which allowed the state to accumulate more power. The engagement with Iraq was far more than a mere diversion from difficulties at home; it was a grand opportunity to impose a new sense of social order at home and bring the commonwealth to heel. Criticism was silenced as unpatriotic. The evil enemy without became the prime force through which to exorcise or tame the devils lurking within. This relation between the internal and external conditions of political power has played a significant if largely hidden role in the dynamics that have fuelled the conflict with Iraq. We will have occasion to return to it more than once in what follows.

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Opponents of war with Iraq frequently depict the conflict as all about oil. The US government either dismisses that claim out of hand as preposterous or ignores the question entirely. There is no question that oil is crucial. But exactly how and in what sense is not so easy to determine.

A narrow conspiracy thesis rests on the idea that the government in Washington is nothing more than an oil mafia that has usurped the public domain. This idea is supported by the close connections of Bush and Cheney to oil interests, coupled with reports that Halliburton, Vice-President Cheney's old company, stands to gain nearly a billion dollars in contracts for oil services in the immediate aftermath of the war.¹² While none of this hurts, I cannot imagine that the political-military establishment as a whole or corporate interests in general would countenance war on such grounds. It is of course the case that US and British oil companies had been excluded from Iraq and that French, Russian, and Chinese companies have been favoured. The opposition to war as opposed to peaceful disarmament had been articulated most strongly by those countries that already had concessions. If disarmament was certified then UN sanctions would have been lifted and the existing concessionaires would have benefited. Regime change through war means concessions will almost certainly be renegotiated. But Iraq owns the oil, and the prospects for the oil companies even after regime change are not necessarily so rosy. The only scenario that would work would be if some post-war US administration took over the Iraqi oil company or set up some front organization—such as an

international consortium in which the US, as in the IMF, would have veto power—to manage the exploitation and use of the oil. But all of this would be very difficult to negotiate without stirring up strong antagonisms both within Iraq and between capitalist powers.

There is, however, an even grander perspective from which to understand the oil question. It can be captured in the following proposition: whoever controls the Middle East controls the global oil spigot and whoever controls the global oil spigot can control the global economy, at least for the near future.¹³

We should not, therefore, think solely of Iraq, but consider the geopolitical condition and significance of the Middle East as a whole in relation to global capitalism. And this point is made in the official rhetoric. The plan for regime change in Iraq overtly states that the influence of a democratic and pro-US government would be beneficial throughout the whole region, and perhaps even influence similar regime changes elsewhere (Iran and Syria being the most obvious targets, with Saudi Arabia not far behind). There are even those in the administration hubristic enough to think that a general conflagration in the region would provide an opportunity to redraw the whole map of the Middle East (much as happened in the old Soviet Union and Yugoslavia). State formation in the region, after all, had largely occurred as a side-bar to the Versailles settlement after the First World War. This settlement is generally acknowledged to have betrayed Arab interests and imposed a configuration of states reflecting British and French imperial interests. This configuration could be viewed as anachronistic and dysfunctional. A comprehensive settlement might cater to

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some separatist interests (federal status for the Kurds within Iraq, for example, and perhaps the break-up of Iraq into a southern Shi'ite state based on Basra). Most important of all, it might permit a settlement of the Israeli-Palestinian question through formation of a greater Palestinian state incorporating Jordan and perhaps part of Saudi Arabia. Against this there are very strong opinions in the UN that preservation of the territorial integrity of Iraq as it exists now must be a primary objective in any post-war settlement, and to this the United States has at least nominally agreed.

The US has a long-standing geopolitical interest in the region. Crucial to the whole concept of global control as worked out during the Second World War was

control of the Middle East, which was regarded as part of the old British Empire, and absolutely essential for the economic, military, and political control of the globe—not least of all because it was the repository of most of the world's proven oil reserves. The United States thus began a long series of overt and covert operations in the region in the 1950s, the foremost of which was the 1953 overthrow of the democratically elected Mossadegh government in Iran, which had nationalized foreign-owned oil companies. The success of the US drive was clear. Between 1940 and 1967, US companies increased their control of Middle Eastern oil reserves from 10 percent to close to 60 percent while reserves under British control decreased from 72 percent in 1940 to 30 percent in 1967.¹⁴

In the late 1960s the British abandoned any military presence east of Suez, leaving the US in sole command. Because of Vietnam, the US chose to use the surrogate states of Iran and Saudi Arabia to look after its proliferating interests in the region. It also looked to its particularly

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strong and almost unquestioning support of Israel to create there a solid outpost of American surrogate power in the region. But first the oil boycott and price hike of 1973 organized through OPEC, and then the fall of the Shah of Iran in 1979, made this solution of indirect rule through distant surrogates untenable. President Carter enunciated the doctrine that the United States would not under any circumstances allow an interruption of the flow of Gulf oil. This meant a commitment to keeping the Strait of Hormuz open (for the delivery and distribution systems are every bit as important as the oilfields themselves) and a permanent military presence in the region, plus the formation of a Rapid Deployment Force to deal with any emergencies. The US covertly encouraged and supported Iraq's brutal and deadly war with Iran, but Iraq's growing power sparked planning (initiated by Colin Powell) for a conflict with Iraq well before the Kuwait invasion occurred. Why the US ambassador to Iraq signalled that the US would not respond militarily to any Iraqi move into Kuwait is still a matter of controversy, with entrapment rather than simple though catastrophic misunderstanding one possible explanation.

The Gulf War, though inconclusive with respect to Iraq, brought a much stronger US military presence in the region. This continued unabated during the Clinton administration. Joint patrols of the 'no-fly zones' with the British entailed a continuous low-level aerial combat and missile attacks on Iraqi military facilities. Joseph Nye, an official in the Clinton administration and generally an advocate of 'soft power', nevertheless categorically stated that the US would not hesitate to use military force in the Gulf region and would do so unilaterally if necessary, if

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US interests were in any way threatened.¹⁵ It took a strong build-up of US forces in 1997–8 to force the first round of weapons inspectors into Iraq to certify that the terms of the peace agreement on Iraq's disarmament were being observed. Missile attacks and aerial conflict escalated. To support its efforts, the US set up the Gulf Cooperation Council with Saudi Arabia, Kuwait, and other states, selling them military equipment as a back-up for US forces in the region (a net \$42 billion arms transfer—\$23 billion to Saudi Arabia alone—occurred during the 1990s). US forces were being pre-positioned in the region during the 1990s and large stores of military equipment were established in Kuwait, Qatar, and Saudi Arabia giving the US an immediate ability to move. Military planning, with the Cold War over, shifted to being able to fight two regional wars at once, and Iraq and North Korea were chosen as a planning exercise. By the late 1990s, more than 20,000 military personnel were deployed in the region at an annual cost of \$4–5 billion a year.

I briefly review this history here in order to make two basic points. Since 1945 there has been a steady escalation of US involvement in the region, marked by a significant break after 1980 as the involvement came to depend more and more on a direct military presence. Secondly, the conflict with Iraq is of long standing, and planning for some sort of military denouement was in the works even before the last Gulf War started. The only difference between the Clinton years and now is that the mask has come off and bellicosity has displaced a certain reticence, in part because of the post-9/11 atmosphere within the United States that makes overt and unilateral military action more politically acceptable. Viewed geopolitically

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and in the long term, some confrontation with Iraq appeared inevitable unless it became a client state of the US, like Saudi Arabia. But why this geopolitical thrust? Again, the answer has everything to do with oil.

At any one time, the status of global oil reserves is a matter of conjecture. Oil companies are notoriously reticent to say what they know and on occasion deliberately mislead. Estimates of reserves often differ wildly. Most accounts suggest, however, that the rate of exploitation of oil reserves has exceeded the rate of discovery since 1980 or so. Oil is slowly becoming increasingly scarce. We do know that many fields are past their peak and that within a decade or so many of the world's present oilfields will be depleted. This is the case for domestic US, North Sea, Canadian, Russian, and (more ominously) Chinese production. While other oilfields have a longer life, the only fields that look set to last fifty years or more are those in Iran, Iraq, Saudi Arabia, the United Arab Emirates, and Kuwait. While new discoveries could change this picture, most strategic thinkers have to confront the increasing significance of the Middle East as the key provider of oil over time. On the demand side we see that the United States is increasingly dependent upon foreign imports, that the dynamic centres of economic growth in East and South-East Asia are almost bereft of significant oil reserves (with demand in China now escalating at a phenomenal rate), and that Europe (with the exception of Britain and Norway) is likewise totally dependent on imported oil. Alternatives to oil are being explored, but there is very little chance that these will be serious contenders (given the barriers erected by the oil companies and other vested interests) for several decades. Access to

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Middle Eastern oil is now, therefore, a crucial security issue for the United States, as it is for the global economy as a whole.

This immediately poses the problem of US motivation in seeking tighter military and strategic control, unilaterally if necessary. Thomas Friedman argues, for example, that 'there is nothing illegitimate or immoral about the US being concerned that an evil, megalomaniacal dictator might acquire excessive influence over the natural resource that powers the world's industrial base'. But we have to be careful to convey to the public and reassure the world that the intention is 'to protect the world's right to economic survival' rather than our own right to indulge ourselves, that the US is 'acting for the benefit of the planet, not simply to fuel American excesses. . . . If we occupy Iraq and simply install a more pro-US autocrat to run the Iraqi gas station (as we have in other Arab oil states), then this war partly for oil would be immoral.'¹⁶ Is the US, in short, exercising leadership and seeking to regulate the use of Middle Eastern oil in everyone's interests through consent? Or is it seeking domination to realize its own far narrower strategic interests? Friedman wishes to believe the former. But what if it is the latter?

If the US successfully engineers the overthrow of both Chavez and Saddam, if it can stabilize or reform an armed-to-the-teeth Saudi regime that is currently based on the shifting sands of authoritarian rule (and in imminent danger of falling into the hands of radicalized Islam), if it can move on (as seems it will likely seek to do) from Iraq to Iran and consolidate a strategic military presence in the central Asian republics and so dominate Caspian Basin oil reserves, then it might, through firm control of

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the global oil spigot, hope to keep effective control over the global economy for the next fifty years. Europe and Japan, as well as East and South-East Asia (now crucially including China) are heavily dependent on Gulf oil, and these are regional configurations of political-economic power that now pose a challenge to US global hegemony in the worlds of production and finance. What better way for the United States to ward off that competition and secure its own hegemonic position than to control the price, conditions, and distribution of the key economic resource upon which those competitors rely? And what better way to do that than to use the one line of force where the US still remains all-powerful—military might? There is also a military aspect to this argument. The military runs on oil. North Korea may have a sophisticated airforce, but it cannot use it much for lack of fuel. Not only does the US need to ensure its own military supplies, but any future military conflict with, say, China will be lopsided if the US has the power to cut off the oil flow to its opponent. But such lines of argument only make sense if the US has reason to fear that its dominant position within global capitalism is somehow threatened. It is to the economic rather than the military dimension to this question that I turn in Chapter 2 of this enquiry.

How America's Power Grew

Imperialism is a word that trips easily off the tongue. But it has such different meanings that it is difficult to use it without clarification as an analytic rather than a polemical term. I here define that special brand of it called 'capitalist imperialism' as a contradictory fusion of 'the politics of state and empire' (imperialism as a distinctively political project on the part of actors whose power is based in command of a territory and a capacity to mobilize its human and natural resources towards political, economic, and military ends) and 'the molecular processes of capital accumulation in space and time' (imperialism as a diffuse political-economic process in space and time in which command over and use of capital takes primacy). With the former I want to stress the political, diplomatic, and military strategies invoked and used by a state (or some collection of states operating as a political power bloc) as it struggles to assert its interests and achieve its goals in the world at large. With the latter, I focus on the ways in which economic power flows across and through continuous space, towards or away from territorial entities (such as states or regional power blocs) through the daily

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practices of production, trade, commerce, capital flows, money transfers, labour migration, technology transfer, currency speculation, flows of information, cultural impulses, and the like.

What Arrighi refers to as the 'territorial' and the 'capitalist' logics of power are rather different from each other.¹ To begin with, the motivations and interests of agents differ. The capitalist holding money capital will wish to put it wherever profits can be had, and typically seeks to accumulate more capital. Politicians and statesmen typically seek outcomes that sustain or augment the power of their own state vis-à-vis other states. The capitalist seeks individual advantage and (though usually constrained by law) is responsible to no one other than his or her immediate social circle, while the statesman seeks a collective advantage and is constrained by the political and military situation of the state and is in some sense or other responsible to a citizenry or, more often, to an elite group, a class, a kinship structure, or some other social group. The capitalist operates in continuous space and time, whereas the politician operates in a territorialized space and, at least in democracies, in a temporality dictated by an electoral cycle. On the other hand, capitalist firms come and go, shift locations, merge, or go out of business, but states are long-lived entities, cannot migrate, and are, except under exceptional circumstances of geographical conquest, confined within fixed territorial boundaries.

The two logics contrast in other ways. Though the degree and modalities of public involvement vary greatly, the politics of state and empire of the sort we now experience are open to discussion and debate. Specific decisions have to be taken, such as whether or not to go to war with

Iraq, whether or not to do it unilaterally, how to deal with post-war difficulties, and the like. Foreign policy establishments and political/military experts debate these issues, and it would be rare indeed if there were no dissent. But clear decisions with all manner of ramifications have to be made. Strategic decisions of sometimes immense import (and not a few sometimes startling unintended consequences) are arrived at and implemented in the rough and tumble of the political process where variegated interests and opinions clash (sometimes even hinging on the particular beliefs or charisma of those in power or the outcome of personality conflicts between influential players).

The geographical processes of capital accumulation, on the other hand, are much more diffuse and less amenable to explicit political decision-making in this way. Individual (usually business, financial, and corporate) agency is everywhere at work and the molecular form makes for multiple forces that bump into each other, sometimes counteracting and at other times reinforcing certain aggregate trends. It is hard to manage these processes except indirectly, and then often only after the fact of already established trends. The institutional arrangements embedded within the state have, as we shall see, an influential role to play in setting the stage for capital accumulation. And there are monetary and fiscal levers and strings (of the sort that Alan Greenspan wields as Chairman of the Federal Reserve) as well as a range of fiscal and monetary modes of intervention (including taxation arrangements, redistributive policies, state provision of public goods, and direct planning) that clearly position the state as a powerful economic agent in its own

right. But even in authoritarian states or those states dubbed 'developmental' by virtue of their strong inner connections between state policies, finance, and industrial development, we find the molecular processes often escape control. If I decide to buy a Toyota rather than a Ford, or see a Hollywood as opposed to a Bollywood movie, what does this do to the US balance of payments? If I transfer money from New York to needy relatives in Lebanon or Mexico what does this do to the financial balances between nations? It seems impossible to anticipate, and difficult even to keep track of the flows of capital and of money through the vagaries of the credit system. All sorts of psychological intangibles, such as investor or consumer confidence, enter into the picture as determinant forces. Thus did Keynes (drawing secretly on Marx) invoke 'the animal spirits' of the entrepreneur and the expectations of the financiers as crucial to the vigour and viability of capitalism. The best we can do is to anxiously monitor the data after the event, in the hope we can spot trends, second-guess what the market will do next, and apply some corrective to keep the system in a reasonably stable condition.

The fundamental point is to see the territorial and the capitalist logics of power as distinct from each other. Yet it is also undeniable that the two logics intertwine in complex and sometimes contradictory ways. The literature on imperialism and empire too often assumes an easy accord between them: that political-economic processes are guided by the strategies of state and empire and that states and empires always operate out of capitalistic motivations. In practice the two logics frequently tug against each other, sometimes to the point of outright antagonism. It

would be hard to make sense of the Vietnam War or the invasion of Iraq, for example, solely in terms of the immediate requirements of capital accumulation. Indeed, a plausible case can be made that such ventures inhibit rather than enhance the fortunes of capital. But, by the same token, it is hard to make sense of the general territorial strategy of containment of Soviet Power by the United States after the Second World War—the strategy that set the stage for US intervention in Vietnam—without recognizing the compelling need felt on the part of business interests in the United States to keep as much of the world as possible open to capital accumulation through the expansion of trade, commerce, and opportunities for foreign investment. The relation between these two logics should be seen, therefore, as problematic and often contradictory (that is, dialectical) rather than as functional or one-sided. This dialectical relation sets the stage for an analysis of capitalist imperialism in terms of the intersection of these two distinctive but intertwined logics of power. The difficulty for concrete analyses of actual situations is to keep the two sides of this dialectic simultaneously in motion and not to lapse into either a solely political or a predominantly economic mode of argumentation.

It is not always easy to determine the relative importance of these two logics in generating social and political change. Was the USSR brought down by the strategic decision of the Reagan administration to launch an immense arms race and break the back of its economy? Or was it brought down by molecular changes within the body politic of the Soviet system (including, for example, the corrosive influence of money power or of capitalist

cultural forms clandestinely entering from outside)? Are we now witnessing overt political claims about empire and the imperialism that goes with it within the United States at the political and territorial level, at the very moment when the flows of economic power and even cultural and moral influence are ebbing away from its shores into more diffuse regional power blocs (centred on Asia and Europe, for example)? Are we seeing the disintegration of US hegemony within the global system and the rise of a 'new regionalism' in political-economic power even as we see the United States acting as if it is the sole superpower to be obeyed? What dangers does this regionalization portend, given that the last period in which it dominated was the 1930s and that this collapsed under economic and political pressures into global war? Does the US have the power to reverse or control such regional fragmentation? These are the big questions that I will seek to address.

I will focus more closely on exactly how the molecular processes of capital accumulation work in Chapter 3. But I need to say something about them here in order to specify more clearly the constraints within which the territorial logic of power works. Imperialistic practices, from the perspective of capitalistic logic, are typically about exploiting the uneven geographical conditions under which capital accumulation occurs and also taking advantage of what I call the 'asymmetries' that inevitably arise out of spatial exchange relations. The latter get expressed through unfair and unequal exchange, spatially articulated monopoly powers, extortionate practices attached to restricted capital flows, and the extraction of monopoly rents. The equality condition usually presumed in perfectly functioning markets is violated, and the inequalities

that result take on a specific spatial and geographical expression. The wealth and well-being of particular territories are augmented at the expense of others. Uneven geographical conditions do not merely arise out of the uneven patterning of natural resource endowments and locational advantages, but, even more importantly, are produced by the uneven ways in which wealth and power themselves become highly concentrated in certain places by virtue of asymmetrical exchange relations. It is here that the political dimension re-enters the picture. One of the state's key tasks is to try to preserve that pattern of asymmetries in exchange over space that works to its own advantage. If, for example, the US forces open capital markets around the world through the operations of the IMF (International Monetary Fund) and the WTO (World Trade Organization), it is because specific advantages are thought to accrue to US financial institutions. The state, in short, is the political entity, the body politic, that is best able to orchestrate these processes. Failure so to do will likely result in a diminution of the wealth and power of the state.

There is, of course, plenty of uneven geographical development based in part on asymmetrical exchange relations within states. Sub-national political entities, such as metropolitan or regional governments, become critically engaged in such processes. But this is not generally referred to as imperialism. Though some like to talk, with some justification, of internal neocolonialism, or even metropolitan imperialism (on the part of New York or San Francisco), I prefer to leave examination of the role that sub-national regional entities might have in relation to imperialism to a more general theory of uneven geo-

graphical development. The effect is to reserve the term imperialism, *pro tem* at least, for a property of inter-state relations and flows of power within a global system of capital accumulation. From the standpoint of capital accumulation, imperialistic politics entails at the very minimum sustaining and exploiting whatever asymmetrical and resource endowment advantages can be assembled by way of state power.

The Logic of Territory and the Logic of Capital

At any given historical-geographical moment, one or other of the logics may dominate. The accumulation of control over territory as an end in itself plainly has economic consequences. These may be positive or negative from the standpoint of exaction of tribute, flows of capital, labour power, commodities, and the like. But this looks quite different to a situation in which territorial control (which may or may not entail actual takeover and administration of territory) is seen as a necessary means to the accumulation of capital. What sets imperialism of the capitalist sort apart from other conceptions of empire is that it is the capitalistic logic that typically dominates, though, as we shall see, there are times in which the territorial logic comes to the fore. But this then poses a crucial question: how can the territorial logics of power, which tend to be awkwardly fixed in space, respond to the open spatial dynamics of endless capital accumulation? And what does endless capital accumulation imply for the territorial logics of power? Conversely, if hegemony within the world

system is a property of a state or collection of states, then how can the capitalist logic be so managed as to sustain the hegemon?

Some light is shed on this problem by an acute observation made by Hannah Arendt: 'A never-ending accumulation of property', she wrote, 'must be based on a never-ending accumulation of power. . . . The limitless process of capital accumulation needs the political structure of so "unlimited a Power" that it can protect growing property by constantly growing more powerful.' From this derived, in Arendt's view, 'the "progressive" ideology of the late nineteenth century' which 'foreshadowed the rise of imperialism'.² If, however, the accumulation of power must necessarily accompany the accumulation of capital then bourgeois history must be a history of hegemonies expressive of ever larger and continuously more expansive power. And this is exactly what Arrighi records in his comparative history of the shift from the Italian city-states through the Dutch, the British, and now the US phases of global hegemony:

Just as in the late seventeenth and early eighteenth centuries the hegemonic role had become too large for a state of the size of the United Provinces, so in the early twentieth century that role had become too large for a state of the size and resources of the United Kingdom. In both instances, the hegemonic role fell on a state—the United Kingdom in the eighteenth century, the United States in the twentieth century—that had come to enjoy a substantial 'protection rent', that is, exclusive cost advantages associated with absolute or relative geostrategic insularity. . . . But that state in both instances was also the bearer of sufficient weight in the capitalist world economy to be able to shift the balance of power among competing states in

whatever direction it saw fit. And since the capitalist world economy had expanded considerably in the nineteenth century, the territory and resources required to become hegemonic in the early twentieth century were much greater than in the eighteenth.³

But if Arendt is right, then any hegemon, if it is to maintain its position in relation to endless capital accumulation, must endlessly seek to extend, expand, and intensify its power. But there is, in this, an ever-present danger, for, as Paul Kennedy warns in *The Rise and Fall of the Great Powers*, overextension and overreach have again and again proven the Achilles' heel of hegemonic states and empires (Rome, Venice, Holland, Britain).⁴ His warning (in 1990) that the US was itself endangered, if it was heard at all, passed unheeded since, in the decade that has passed since publication of his work, the US has remarkably extended its powers both militarily and politically to a point where the dangers of overreach are palpable. This raises the further question, that if the US is no longer in itself sufficiently large and resourceful to manage the considerably expanded world economy of the twenty-first century, then what kind of accumulation of political power under what kind of political arrangement will be capable of taking its place, given that the world is heavily committed still to capital accumulation without limit? I will return to this question later. But even at this point we can see some intriguing possibilities. Some argue that world government is not only desirable but inevitable. Others argue that some collection of states working in collaboration with each other (in much the way that Kautsky suggested in his theory of ultra-imperialism, and as is hinted at in meetings of organizations such as the G7—now G8)

might be able to regulate matters. To this we could add the less optimistic idea that, if it proves impossible for some reason to construct this ever vaster accumulation of political power, then endless capital accumulation will likely dissolve into chaos, ending the era of capital not with a revolutionary bang but in tortured anarchy.

Hegemony

So what constitutes hegemony in the first place? Gramsci's own use of the concept was sufficiently ambiguous to allow multiple interpretations. It sometimes refers solely to political power exercised through leadership and the consent of the governed, as opposed to political power exercised as domination through coercion. On other occasions it seems to refer to the particular mix of coercion and consent embedded in the exercise of political power. I shall have occasion to refer to the latter but interpret hegemony largely in terms of the former. I shall also follow Arrighi's adaptation of the concept to the case of inter-state relations: "The supremacy of a group or, in this case, a nation state can . . . manifest itself in two ways: as "domination" and as "intellectual and moral leadership". A social group dominates antagonistic groups, which it tends to "liquidate", or to subjugate perhaps even by armed force; it leads kindred or allied groups.' But it can lead in two distinctive ways. By virtue of its achievements, 'a dominant state becomes the "model" for other states to emulate and thereby draws them onto its own path of development. . . . This may enhance the prestige and hence the power of the dominant state . . . but to the extent

that emulation is at all successful, it tends to counter-balance and hence deflate rather than inflate the power of the hegemon by bringing into existence competitors and reducing the "specialness" of the hegemon.' Leadership, on the other hand, designates 'the fact that a dominant state leads the system of states in a desired direction and, in so doing, is widely perceived as pursuing a general interest. Leadership in this sense inflates the power of the dominant state.'⁵

An important corollary of this argument is a distinction between 'distributive' and 'collective' power. The former has the character of a zero-sum game in which competition can improve the position of the hegemon by taking power away from others or by leading a regional coalition in some way to bring greater benefits to a region. The recent revival of interest in regional hegemons (the Japanese 'flying geese model', in which Japan leads the rest of Asia, or the European one, in which a Franco-German alliance leads) suggests that this process of redistribution of power is perhaps playing a rather more powerful role in the reorganization of global capitalism than the blanket term 'globalization' tends to imply.⁶ But to be truly hegemonic in a global sense entails the use of leadership to create a non-zero-sum game in which all parties benefit, either out of mutual gains from their own interactions (such as trade) or through their enhanced collective power vis-à-vis nature by, for example, the creation and transfer of new technologies, organizational forms, and infrastructural arrangements (such as communication nets and structures of international law). Arrighi emphasizes the accumulation of collective power as the only solid basis for hegemony within the global system. The power of the

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hegemon, however, is fashioned out of and expressed through an ever-shifting balance between coercion and consensus.

Reflect, for a moment, on how these categories play out in the case of the United States over the last fifty years. The US has frequently relied upon domination and coercion and has not shrunk from the liquidation of opposition. Even internally, it has a history of ruthlessness that belies its attachment to its constitution and the rule of law. McCarthyism, the murder or incarceration of Black Panther leaders, the internment of Japanese in the Second World War, surveillance and infiltration of opposition groups of all kinds, and now a certain preparedness to overthrow the Bill of Rights by passing the Patriot and Homeland Security Acts. It has been even more significantly ruthless abroad in sponsoring coups in Iran, Iraq, Guatemala, Chile, Indonesia, and Vietnam (to name but a few), in which untold thousands died. It has supported state terrorism throughout the world wherever it has been convenient. CIA and special forces units operate in innumerable countries. Study of this record has led many to paint a portrait of the US as the greatest 'rogue state' on earth. There is a major industry in doing so, beginning with Chomsky, Blum, Pilger, Johnson, and many others.⁷ While we may only know the half of it, the amazing thing about the US is how much is both known and documented from official or quasi-official sources and what a grizzly, despicable, and deeply disturbing record it is. Liquidation can come by a variety of means. The economic power to dominate (such as the trade embargo on Iraq and Cuba or IMF austerity programmes implemented at the behest of the US Treasury) can be used

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with equally destructive effect as physical force. The distinctive role of US financial institutions and the US Treasury backed by the IMF in visiting a violent devaluation of assets throughout East and South-East Asia, creating mass unemployment and effectively rolling back years of social and economic progress on the part of huge populations in that region, is a case in point. Yet most of the US population either lives in a state of denial, refusing even to hear of such things, or, if it does hear, passively accepts liquidations and coercions as facts of life, the normal cost of doing fundamentally honest business in a dirty world.

But what the critics who dwell solely on this aspect of US behaviour in the world all too often fail to acknowledge is that coercion and liquidation of the enemy is only a partial, and sometimes counterproductive, basis for US power. Consent and cooperation are just as important. If these could not be mobilized internationally and if leadership could not be exercised in such a way as to generate collective benefits, then the US would long ago have ceased to be hegemonic. The US must at least act in such a way as to make the claim that it is acting in the general interest plausible to others even when, as most people suspect, it is acting out of narrow self-interest. This is what exercising leadership through consent is all about.

In this regard, of course, the Cold War provided the US with a glorious opportunity. The United States, itself dedicated to the endless accumulation of capital, was prepared to accumulate the political and military power to defend and promote that process across the globe against the communist threat. Private property owners of the world could unite, support, and shelter behind that power,

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faced with the prospect of international socialism. Private property rights were held as a universal value and proclaimed as such in the UN Declaration of Human Rights. The US guaranteed the security of European democracies, and benevolently helped rebuild the war-torn economies of Japan and West Germany. Through its policy of 'containment' it tacitly established the boundaries of its own informal empire (particularly in Asia), while committing itself to undermining by whatever means possible the power of its great competitor, the Soviet empire. While we know enough about decision-making in the foreign policy establishment of the Roosevelt-Truman years and since to conclude that the US always put its own interests first, sufficient benefits flowed to the propertied classes in enough countries to make US claims to be acting in the universal (read 'propertied') interest credible and to keep subaltern groups (and client states) gratefully in line. This 'benevolence' is quite plausibly presented by defenders of the US in response to those who emphasize the rogue state image based in coercion. It is also heavily emphasized in the way in which the US typically views and presents itself to the rest of the world, though here there is as much myth-spinning as truth-telling. The US likes to believe, for example, that it and it alone liberated Europe from the Nazi yoke, and it erases entirely the much more important role of the Red Army and of the siege of Stalingrad in turning the tables in the Second World War. The more general truth is that the US engages in both coercive and hegemonic practices simultaneously, though the balance between these two facets in the exercise of power may shift from one period to another and from one administration to another.

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The US has for many years definitely exercised leadership of that part of the world dedicated to endless capital accumulation and consequently spread its ways of doing business far and wide. It did not, of course, during the Cold War years, exercise a truly global hegemony. With the threat of communism now effectively gone, the US leadership role is harder to define and sustain. This is the question that is being not so subtly debated by those who wish to project the future of US imperialism and empire upon the world in the twenty-first century. This is also the question being asked by those who see a regional partition of powers as an alternative configuration of political arrangements within the overall rules of neo-liberal globalization.

There is no question either, that emulation has played an important role in global affairs. Much of the rest of the world has been entrained politically, economically, and culturally in globalization through Americanization. But here I depart somewhat from Arrighi, since I cannot see that emulation always creates competition and that it is always a zero-sum game. The emulation of US consumerism, ways of life, cultural forms, and political and financial institutions has contributed to the process of endless capital accumulation globally. Situations may indeed arise where emulation leads to sharpened competition (as, for example, when Taiwan totally takes over some sector of production from the US). And this can have major impacts upon the domestic situation in the United States (as the long history of deindustrialization in arenas such as steel, shipbuilding, and textiles within the United States illustrates). But I think it important to distinguish between this and other aspects of emulation that

actually contribute to the formation of greater collective powers.

Political power is always constituted out of some unstable mix of coercions, emulations, and the exercise of leadership through the development of consent. These are the means. But what of the forms of power that must be amassed within the territorial logic to ensure its ability to realize its interests? The intangibles of prestige, status, deference, authority, and diplomatic clout must be grounded materially in something. Money, productive capacity, and military might are the three legs upon which hegemony stands under capitalism. But here, too, we find shifting and unstable configurations. Consider, as an example, the shifting material bases of US hegemony since the end of the nineteenth century.

The Rise of Bourgeois Imperialisms, 1870–1945

Arendt asserts that the imperialism that arose towards the end of the nineteenth century was 'the first stage in the political rule of the bourgeoisie rather than the last stage of capitalism'.⁸ The evidence for this is substantial. The first major crisis of capitalist overaccumulation (defined primarily as a surplus of capital lacking profitable means of employment—but see Chapter 3 for a more extensive treatment) was the Europe-wide economic collapse of 1846–50 that sparked bourgeois revolutionary movements (with more than a hint of working-class participation) all over Europe. The partial incorporation of the bourgeoisie within the state apparatus thereafter proceeded unevenly across Europe. The way out of this first capitalist crisis

was a double movement of long-term infrastructural investments (of the sort laid out in the theory of 'productive state expenditures' that underlay Haussmann's transformation of Paris and the widespread attention given to transportation, water, and sewage programmes and investment in housing and public facilities in many other European countries) and geographical expansions particularly focused on Atlantic trade (with the US a primary outlet). But by the mid-1860s the ability to absorb capital and labour surpluses by these means was running out. The interruption of the Atlantic trade by the American Civil War had a serious impact, and internal political movements (of the sort that produced the Paris Commune of 1871) were creating internal stresses across Europe. In the aftermath of the Civil War, proletarian movements arose in the United States as well.

Surplus capitals in Europe, increasingly blocked by assertive capitalist class power from finding internal uses, were forced outwards to swamp the world in a massive wave of speculative investment and trade, particularly after 1870 or so. The capitalistic logic of searching for what, in Chapter 3, I will call 'spatio-temporal fixes' surged to the forefront on a global scale. The need to protect these foreign ventures and even to regulate their excesses put pressure on states to respond to this expansionary capitalistic logic. For that to occur required that the bourgeoisie, which already held power in the United States, consolidate its political power vis-à-vis older class formations and either dissolve older imperialist forms (such as that of the Austro-Hungarian or Ottoman empires) or convert them (as in Britain) to a distinctively capitalistic logic. The consolidation of bourgeois political

power within the European states was, therefore, a necessary precondition for a reorientation of territorial politics towards the requirements of the capitalistic logic.

The bourgeoisie had, however, appealed to the idea of nation in its ascent to power. The wave of nation-state formation that occurred during the latter half of the nineteenth century in Europe (in Germany and Italy in particular) logically pointed to a politics of internal consolidation rather than to foreign ventures. Furthermore, the political solidarity supposed by the idea of nation could not easily be extended to those who are 'others' without diluting what the idea of nation is supposed to represent. The nation-state does not in itself, therefore, provide a coherent basis for imperialism. How, then, could the problem of overaccumulation and the necessity of a global spatio-temporal fix find an adequate political response on the basis of the nation-state? The answer was to mobilize nationalism, jingoism, patriotism, and, above all, racism behind an imperial project in which national capitals—and at this time there was a plausible coherence between the scale of capitalist enterprise and the scale on which nation-states were working—could take the lead. This, as Arendt points out, meant the suspension of internal class struggle and the construction of an alliance between what she calls 'the mob' and capital within the nation-state. 'So unnatural did this seem in Marxist terms,' she observes, 'that the actual dangers of the imperialist attempt—to divide mankind into master and slave races, into higher and lower breeds, into colored and white men, all of which were attempts to unify the people on the basis of the mob—were completely overlooked.' There may be, she says, 'an abyss between nationalism and im-

perialism' in theory, 'but in practice, it can and has been bridged by tribal nationalism and outright racism'.⁹ That this would actually be the outcome was not of course inevitable. But the struggle against it ultimately failed, as was shown most dramatically with the Second Socialist International's collapse as each national branch fell in line in support of its country in the 1914–18 war. The consequences were quite horrifying. A variety of nation-based and therefore racist bourgeois imperialisms evolved (British, French, Dutch, German, Italian). Industrially driven but non-bourgeois imperialisms also arose in Japan and Russia. They all espoused their own particular doctrines of racial superiority, given pseudo-scientific credibility by social Darwinism, and more often than not came to view themselves as organic entities locked in a struggle for survival with other nation-states. Racism, which had long lurked in the wings, now moved to the forefront of political thinking. This conveniently legitimized the turn to what in Chapter 4 I will call 'accumulation by dispossession' (of barbarians, savages, and inferior peoples who had failed to mix their labour properly with the land) and the extraction of tribute from the colonies in some of the most oppressive and violently exploitative forms of imperialism ever invented (the Belgian and Japanese forms being perhaps the most vicious of all). It is, as Arendt argues, also important to see Nazism and the Holocaust as something that is entirely comprehensible though by no means determined within this historical-geographical trajectory.

The underlying contradiction between bourgeois nationalism and imperialism could not be resolved, while the rising need to find geographical outlets for surplus

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capitals put all manner of pressures on political power within each imperialist state to expand geographical control. The overall result, as Lenin so accurately predicted, was fifty years of inter-imperialist rivalry and war in which rival nationalisms featured large. Its essential features involved the carving up of the globe into distinctive terrains of colonial possession or exclusionary influence (most dramatically in the grab for Africa of 1885 and the Versailles settlement after the First World War, including its partitioning of the Middle East between French and British protectorates); the pillaging of much of the world's resources by the imperial powers; and the widespread deployment of virulent doctrines of racial superiority; all matched by a total and predictable failure to deal with the surplus capital problem within closed imperial domains, as seen in the great depression of the 1930s. Then came the ultimate global conflagration of 1939-45.

Although the early phases were marked by British hegemony and at least a modicum of free trade, I think Arendt is right to see the period from 1870 to 1945 as cut from exactly the same cloth of rival nation-based imperialisms that could only work through the mobilization of racism and the construction of national solidarities favourable to fascism at home and prone to violent confrontation abroad.

In the midst of all of this, the US was evolving its own distinctive form of imperialism. Powered by a remarkable spurt of capitalist development after the Civil War, the US was becoming technologically and economically dominant vis-à-vis the rest of the world. Its governmental form, not burdened with feudal or aristocratic residuals of the sort to be found in Europe, broadly reflected corporate

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and industrial class interests and had, ever since independence, been bourgeois to the core (as formalized in its Constitution). Political power internally was devoted to individualism and bitterly opposed to any threat to the inalienable rights of private property and the profit rate. It was a multi-ethnic immigrant society which made narrow ethnic nationalism of the sort found in Europe and Japan impossible. It was also exceptional in possessing abundant space for internal expansion, within which both the capitalistic and political logics of power could find room for manoeuvre. Its own internalized form of racism (towards blacks and indigenous peoples) was paralleled by an antagonism to 'non-Caucasians' more generally that curbed the temptation to absorb territories (such as that of Mexico or in the Caribbean) where non-Caucasian populations dominated. The theory of manifest destiny fuelled its own particular brand of expansionary racism and international idealism. From the late nineteenth century onwards, the US gradually learned to mask the explicitness of territorial gains and occupations under the mask of a spaceless universalization of its own values, buried within a rhetoric that was ultimately to culminate, as Neil Smith points out, in what came to be known as 'globalization'.¹⁰ The United States had phases of emulating the Europeans, had episodic moments when it seemed that geographical expansion was economically essential and it had long declared, through the various formulations of the Monroe Doctrine, that the whole of the Americas should be free of European control and therefore de facto within its own sphere of domination. And it was Woodrow Wilson's dream to make the Monroe Doctrine universal. But in South America the US encountered republics that,

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like itself, had freed themselves from the colonial yoke through independence struggles. It therefore had to work out means of imperial domination that nominally respected the independence of such countries yet dominated them through some mix of privileged trade relations, patronage, clientelism, and covert coercion. While the US generally held to the principle of the 'open door' with respect to global trade it had, however, little inclination or real means to enforce it before the Second World War. It became involved in the First World War, played an important role in shaping the Versailles settlement, in which the principle of national self-determination was at least recognizable, though not practised (particularly with respect to the Middle East), experienced the trauma of the Great Depression (more a result of internal failures of class rule than a reflection of lack of opportunities for US-based capital to expand geographically), and was drawn into the subsequent global conflicts spawned by imperialist rivalries. But with strong isolationist currents on both the left and right and a long historical fear of foreign entanglements as inimical to its own form of governance, imperial thrusts were occasional and limited, mainly covert rather than overt, politically rather than capitalistically motivated, except in the case of individual corporations with particular foreign interests that shamelessly mobilized political power to back their specific projects whenever and wherever necessary. The US was still as much a potential absorber as a producer of surplus capital, though in the 1930s it failed entirely to realize its own potentialities in this regard, in large part because of the internal configuration of class power that resisted even Roosevelt's modest attempts during the New Deal to

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rescue the economy from its contradictions through redistributions of wealth. The difficulty of achieving internal cohesion in an ethnically mixed society characterized by intense individualism and class division also produced what Hofstadter calls 'the paranoid style' of American politics: fear of some 'other' (such as bolshevism, socialism, anarchism, or merely 'outside agitators') became crucial to creating political solidarities on the home front.¹¹ The Soviet Union and bolshevism were increasingly cast in the role of chief enemies and villains (with fear of China, including Chinese immigration, lurking in the wings).

The Post-War History of American Hegemony, 1945-1970

The US emerged from the Second World War as by far the most dominant power. It dominated in technology and production. The dollar (backed by most of the world's gold supply) was supreme, and its military apparatus was far superior to any other. Its only serious opponent was the Soviet Union, but that country had lost vast numbers of its population and suffered terrible degradation of its military and industrial capacity compared to the United States. It had borne the brunt of the fighting against Nazism and, arguably, the siege of Leningrad and the subsequent destruction of much of Germany's military capacity on the eastern front was crucial to the Allied victory. The delay in launching a second front in Europe infuriated Stalin and may in itself have been calculated by the US and Britain as a means to let the Soviet Union bear

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the brunt of the fighting. But the delay had serious consequences since it permitted the Soviet Union to make major territorial gains in Europe from which it subsequently refused to retreat, installing client regimes throughout eastern Europe, even into East Germany. For the Soviet Union defence of its interests amounted to defence of its territorial control.

During the war, elite elements within the US government and the private sector outlined a post-war settlement plan that would guarantee peace, economic growth, and stability. Territorial aggrandizement was ruled out. It had long been an influential principle of political thought and practice in the United States, from James Madison onwards, that foreign entanglements should be avoided because they would undermine democracy at home. The difficulty was to bridge the gap between this fear and the obvious fact of US global domination. Much as European imperialism had turned to racism to bridge the tension between nationalism and imperialism, so the US sought to conceal imperial ambition in an abstract universalism. The effect, as Neil Smith observes, was to deny the significance of territory and geography altogether in the articulation of imperial power. This was the move that Henry Luce made in his influential 1941 cover editorial in *Life* magazine entitled 'The American Century'. Luce, an isolationist, considered that history had conferred global leadership on the United States and that this role, though thrust upon it by history, had to be actively embraced. The power conferred was global and universal rather than territorially specific, so Luce preferred to talk of an American century rather than an empire. Smith remarks:

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Whereas the geographical language of empires suggests a malleable politics—empires rise and fall and are open to challenge—the 'American Century' suggests an inevitable destiny. In Luce's language, any political quibble about American dominance was precluded. How does one challenge a century? US global dominance was presented as the natural result of historical progress, implicitly the pinnacle of European civilization, rather than the competitive outcome of political-economic power. It followed as surely as one century after another. Insofar as it was beyond geography, the American Century was beyond empire and beyond reproof.¹²

The fact of Soviet territorial gains and burgeoning power ran up against 'the paranoid style' of US politics to produce the Cold War. Internally this led to the repressions known as 'McCarthyism' which curbed freedoms of expression and fiercely opposed anything that sounded remotely communistic or socialistic. The unions were purged of radical influences, and communist and other leftist parties were effectively proscribed. The FBI infiltration of anything considered oppositional began in earnest. All of this was legitimized as vital to the internal security of the United States in the face of the Soviet threat. The result was political conformity and solidarity at home. Leviathan, as Arendt might put it, imposed order upon the potential chaos of individual interests. Labour was pushed and cajoled into a general compact with capital, coupling wages with productivity gains (a Fordist model considered worthy of emulation). Working-class support was procured for US politics abroad in the name of anti-communism and economic self-interest.

In foreign affairs, the US presented itself as chief defender of freedom (understood in terms of free markets)

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and of the rights of private property. The US provided economic and military protection for propertied classes or political/military elites wherever they happened to be. In return these propertied classes and elites typically centred a pro-American politics in whatever country they happened to be. This implied military, political, and economic containment of the sphere of influence of the Soviet Union.¹³ The imperial realm of the United States was defined negatively, as everything not directly contained in the Soviet orbit (which in US eyes included China long after it had gone its separate way). While it was accepted that frontal confrontation with the Soviet empire was impossible, every opportunity was seized to undermine it—a policy that led into some disasters as the US supported the rise of the Mujahidin and Islamic fundamentalism in order to embarrass the Soviets in Afghanistan, only to have to suppress the Mujahidin's influence later in a war against terrorism based in Islamic fundamentalism. Any expansion of communist-controlled territory was viewed as a serious loss—hence the intense recriminations over 'who lost China' to Mao and the use of that accusation to spearhead McCarthy's attacks.

Two cardinal principles of internal strategic practice had been defined during the Second World War, and these remained set in stone thereafter: the social order in the United States should remain stable (no radical redistributions of wealth or power and no challenge to elite and/or capitalist class control would be tolerated), and there should be a continuous expansion of domestic capital accumulation and consumption to ensure domestic peace, prosperity, and tranquillity.¹⁴ Foreign engagements should not interfere with consumerism at home: hence

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the preference for what Ignatieff calls 'empire lite'. The United States would use its superior military power to protect client regimes throughout the world that were supportive of US interests. The overthrow of Mossadegh, who had nationalized the oil fields of Iran, and his replacement by the Shah in 1953 (all with CIA help) and the subsequent reliance upon him to look out for US interests in the Gulf region was typical of this approach. In key geopolitical arenas, such as the frontline states with the Soviet Union, it would use its economic might to build strong economies based on capitalistic principles (hence the Marshall Plan for Europe and strong support for Japan, Taiwan, South Korea, and other vulnerable frontline states in relation to Soviet power). Access to the Middle East, with its oil reserves, was also crucial (Roosevelt, though sick, went out of his way to stop off to talk with the Saudis and others about the importance of maintaining the flows of oil on his way back from the Yalta conference).

The US placed itself at the head of collective security arrangements, using the United Nations and, even more importantly, military alliances such as NATO, to limit the possibility of inter-capitalist wars and to combat the influence of the Soviet Union and then China. It used its own military power, covert operations, and all manner of economic pressures to ensure the creation or continuance of friendly governments. To this end it was prepared to support the overthrow of democratically elected governments and to engage directly or indirectly in tactics of liquidation of those considered opposed to US interests. It did so in Iran, Guatemala, Brazil, the Congo, the Dominican Republic, Indonesia, Chile, and elsewhere. It

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intervened electorally and covertly in dozens of other countries throughout the world. Yet it lost out in China and Cuba, and communist insurgencies thrived elsewhere as the Soviet model gained traction as a means to bring about rapid modernization without capitalist class rule.

Within the 'free world' the US sought to construct an open international order for trade and economic development and rapid capital accumulation along capitalistic lines. This required the dismantling of the former nation-state-based empires. Decolonization required state formation and self-governance across the globe. The US largely modelled its relationships with these newly independent states on its experience in dealing with the independent republics of Latin America during the pre-war period. Privileged trade relations, clientelism, patronage, and covert coercion were, as we have seen, the chief weapons of control. And the US deployed these weapons bilaterally, country by country, thus positioning itself as a central hub with innumerable spokes connecting it to all other states around the world. Any threat of collective action against overwhelming US power could be countered by a divide-and-rule strategy making use of individual connections to limit collective autonomy, even when, as in Europe, moves towards union were under way.

An international framework for trade and economic development within and between these independent states was set up through the Bretton Woods agreement to stabilize the world's financial system, accompanied by a whole battery of institutions such as the World Bank, the International Monetary Fund, the International Bank of Settlements in Basle, and the formation of organizations such as GATT (the General Agreement on Tariffs and

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Trade) and the OECD (Organization for Economic Cooperation and Development), designed to coordinate economic growth between the advanced capitalist powers and to bring capitalist-style economic development to the rest of the non-communist world. In this sphere the US was not only dominant but also hegemonic in the sense that its position as a super-imperialist state was based on leadership for propertied classes and dominant elites wherever they existed. Indeed, it actively encouraged the formation and empowerment of such elites and classes throughout the world: it became the main protagonist in projecting bourgeois power across the globe. Armed with Rostow's theory of 'stages' of economic growth, it strove to promote the 'take-off' into economic development that would promote the drive to mass consumption on a country-by-country basis in order to ward off the communist menace.¹⁵

But the dismantling of European-based imperialisms also entailed the formal disavowal of the racism that had permitted the reconciliation of nationalism with imperialism. The UN Declaration of Human Rights and various UNESCO studies denied the validity of racism and sought to found a universalism of private property and of individual rights that would be appropriate for a second stage of bourgeois political rule. For this to work demanded that the US should depict itself as the pinnacle of civilization and a bastion of individual rights. Pro-Americanism had to be cultivated and projected abroad. And so began the huge cultural assault upon 'decadent' European values and the promotion of the superiority of American culture and of 'American values'. Money power was used to dominate cultural production and influence

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cultural values (this was the era when New York 'stole' the idea of modern art from Paris¹⁶). Cultural imperialism became an important weapon in the struggle to assert overall hegemony. Hollywood, popular music, cultural forms, and even whole political movements, such as those of civil rights, were mobilized to foster the desire to emulate the American way. The US was constructed as a beacon of freedom that had the exclusive power to entrain the rest of the world into an enduring civilization characterized by peace and prosperity.

But the US also came to be viewed as the primary engine of capital accumulation and one that could entrain the rest of the world in its tracks. Massive internal transformations in its own economy (that had been merely hinted at during the New Deal of the 1930s) became of great global importance because of the market opportunities it spawned. Investments in education, the interstate highway system, sprawling suburbanization, and the development of the south and west, absorbed vast quantities of capital and product in the 1950s and 1960s. The US state, to the chagrin of neo-liberals and conservatives, became a developmental state during these years. Except for a few key areas, such as strategic resources, the US did not rely too much on the extraction of value from the rest of the world. The proportion of GDP growth attributable to foreign trade remained less than 10 per cent up until the 1970s. While there were some foreign operations, like ITT (International Telephone and Telegraph) in Chile (one of whose directors had been director of the CIA), or United Fruit in Central America, which exercised considerable influence over US foreign policy in those regions, US economic imperialism was, with the exception of

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strategic minerals and oil, rather muted. In so far as an outer dialectic was called for, it pointed to the already developed parts of the capitalist world. Direct foreign investment flowed to Europe, leading Europeans to become obsessed with holding off what Servan-Schreiber called 'the American challenge'.¹⁷ In return, however, the US opened its market to others and provided an effective demand for products from Europe and Japan. Strong growth occurred throughout the capitalist world. The accumulation of capital proceeded apace through 'expanded reproduction'. Profits were reinvested in growth as well as in new technologies, fixed capital, and extensive infrastructural improvements.¹⁸ Controls over capital outflows (as opposed to commodities) were, however, retained from the preceding period, particularly in Europe. This gave individual states considerable discretion over fiscal as well as monetary policies. The role of financial speculation remained relatively muted and territorially confined. This 'Keynesian' context for state expenditures cohered with a dynamic of class struggle within individual nation-states over distributive questions. This was an era when organized labour became quite strong and social democratic welfare states emerged across Europe. The social wage became an object of struggle even within the United States, and organized labour won several significant victories internally over wage levels and living standards.

The period from 1945 to 1970 was, then, the second stage in the political rule of the bourgeoisie operating under global US dominance and hegemony. It brought a period of remarkably strong economic growth to the advanced capitalist countries. A tacit global compact was

established among all the major capitalist powers, with the US in a clear leadership role, to avoid internecine wars and to share in the benefits of an intensification of an integrated capitalism in the core regions. The geographical expansion of capital accumulation was assured through decolonization and 'developmentalism' as a generalized goal for the rest of the world. Expanded reproduction seemed to be working very well and secondary effects even spilled outwards, though lightly and unevenly, across the non-communist world. Internally, the increasing power of labour within the capital-labour pact meant spreading the benefits of consumerism to the lower classes, even to some minorities (though not enough, as the urban unrest of the 1960s proved). The problem of overaccumulation of capital, though always threatening, was contained until the late 1960s by a mix of internal adjustments and spatio-temporal fixes both within and without the United States. These strategies, it was hoped, would permit the system to overcome the economic problems that had plagued the 1930s and protect against the threat of communism.

But this second stage was not free of contradictions. First, the formal disavowal of racism internationally posed all manner of difficulties internally for the United States, where racial discrimination was rampant. The civil rights movement which, in the end, provided a model for much of the rest of the world, had its origins in internal dynamics, as did the urban uprisings led by blacks in the 1960s; but it also had an international dimension as the universalism of human rights clashed with internal practices and as 'coloured' diplomats en route between the UN in New York and Washington, DC found themselves barred from staying in motels. The racial selectivity of US

immigration policy also came under fire. Migrant flows into the US began to change their character.

Secondly, as we will see in Chapter 3, the policy of an open market made the US vulnerable to international competition. Capital flows during this period were heavily concentrated within the advanced capitalist world (broadly within the OECD countries). West Germany and Japan in particular ratcheted up their economic power to challenge US dominance in production during the 1960s. As the ability of the US to absorb surplus capitals internally began to flag in the late 1960s, so overaccumulation emerged as a problem and economic competition sharpened.

Thirdly, whenever there was a conflict between democracy, on the one hand, and order and stability built upon propertied interests, on the other, the US always opted for the latter. The US therefore moved from the position of patron of national liberation movements to oppressor of any populist or democratic movement that sought even a mildly non-capitalist (let alone a socialist or communist) path to the improvement of economic well-being. Social democratic or populist attempts at modifying capitalism were often ruthlessly struck down (as happened to Bosch in the Dominican Republic, Goulart in Brazil, and, eventually, Allende in Chile). Even in Europe the US did everything in its power to undermine socialism and even on occasion to subvert social democracy. And savagely dictatorial regimes, such as those in Argentina in the 1970s, the Saudis, the Shah of Iran, and Suharto in Indonesia, were unconditionally supported by US military and economic power since they supported US interests. Growing resentment of being locked into a

spatio-temporal situation of perpetual subservience to the centre also sparked anti-dependency movements throughout the developing world. Class and national liberation struggles within the developing world were more and more forced into an anti-American politics. Anti-dependency fused with anti-colonialism to define anti-imperialism. In all of these struggles the territoriality of political power was just as important to the sustenance of US hegemony as it had been to the European empires that went before. The US did not acquire its imperial stature, as Ignatieff avers, through denial: it simply used denial of geography and the rhetoric of universality to hide its territorial engagements, more so from itself than from others.

Fourthly, the effect of the Cold War and of these foreign entanglements was to empower what President Eisenhower critically referred to in his farewell address as a dangerously powerful 'military industrial complex'. This threatened to dominate politics through its pervasive influence and pursue its own narrow interests by exaggerating threats and manipulating external crises so as to construct a permanent war economy that would render it ever more powerful. To survive economically, the defence industries needed a thriving export trade in arms. This came to have a fundamental role in US capital accumulation, but it also resulted in the excessive militarization of the rest of the world.

This second stage in global rule of the bourgeoisie came to an end around 1970 or so. The problems were multiple. First there was the classic problem of all imperial regimes—overreach. The containment of (and attempt to subvert) communism proved rather more costly than

expected for the United States. The rising costs of the military conflict in Vietnam, when coupled with the golden rule of never-ending domestic consumerism—a policy of guns and butter—proved impossible to sustain, since military expenditures provide only short-run outlets for surplus capital and generate little in the way of long-term relief to the internal contradictions of capital accumulation. The result was a fiscal crisis of the developmental state within the United States. The immediate response was to use the right of seigniorage and print more dollars.¹⁹ This resulted in world-wide inflationary pressures. The consequence, as we shall see in Chapter 3, was an explosion in the quantity of 'fictitious' capital in circulation lacking any prospect of redemption, a wave of bankruptcies (focused initially on assets in the built environment), uncontrollable inflationary pressures, and the collapse of the fixed international arrangements that had founded US super-imperialism after the Second World War. Meanwhile, the growing power of organized labour throughout the core states of the global system pushed up the level of social expenditures as well as wage costs, thus cutting into profits. Stagflation resulted. Profit opportunities disappeared and a crisis of overaccumulation of capital emerged. The debt overhang of many governments from vast investments in physical and social infrastructures produced a fiscal crisis of the state (culminating in the spectacular bankruptcy of New York City in 1975). To top it all, the competitive strength of the revived Japanese and West German industries challenged, and in some areas now surpassed, US dominance in production. Emulation in manufacturing was cutting off one of the key legs of US hegemony. The United States' economic

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position seemed untenable. Surplus dollars flooded the world market and the whole financial architecture of the Bretton Woods system collapsed.

Neo-liberal Hegemony, 1970–2000

A different kind of system then emerged, largely under US tutelage. Gold was abandoned as the material basis of money values and thereafter the world had to live with a dematerialized monetary system. Flows of money capital, already moving freely around the world via the eurodollar market (dollars held outside the United States that could easily be lent anywhere) were to be totally liberated from state controls. The collusion (now documented) between the Nixon administration and the Saudis and Iranians to push oil prices sky-high in 1973 did far more damage to the European and Japanese economies than it did to the US (which at that time was not greatly dependent upon Middle Eastern supplies). US banks (rather than the IMF, which was the preferred agent of the other capitalist powers) gained the monopoly privilege of recycling the petrodollars into the world economy, thus bringing the eurodollar market back home.²⁰ New York became the financial centre of the global economy (this, coupled with internal deregulation of financial markets, allowed that city to recover from its crisis and to flourish to the point of incredible affluence and conspicuous consumption in the 1990s).

Threatened in the realm of production, the US had countered by asserting its hegemony through finance. But for this system to work effectively, markets in general and

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capital markets in particular had to be forced open to international trade (a slow process that required fierce US pressure backed by use of international levers such as the IMF and an equally fierce commitment to neo-liberalism as the new economic orthodoxy). It also entailed shifting the balance of power and interests within the bourgeoisie from production activities to institutions of finance capital. Financial power could be used to discipline working-class movements. The opportunity arose to launch a frontal assault on the power of labour and to diminish the role of its institutions in the political process. President Reagan's first move was to destroy the strong collective power of the air traffic controllers (PATCO), and this served notice on the union movement that it stood to suffer the same fate should any other group of workers strike. A wave of labour militancy swept the advanced capitalist world during the late 1970s and the 1980s (the miners taking the lead in both Britain and the United States) as working-class movements everywhere sought to preserve the gains they had won during the 1960s and early 1970s. In retrospect, we can see this as a rearguard action to preserve conditions and privileges gained within and around expanded reproduction and the welfare state, rather than a progressive movement seeking transformative changes. For the most part this rearguard action failed. The subsequent devaluation of labour power and the steady relative degradation in the condition of the working class in the advanced capitalist countries was then paralleled by the formation of a huge, amorphous, and unorganized proletariat throughout much of the developing world. This put downward pressure upon wage rates and labour conditions everywhere. Easily exploited low-wage workforces

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coupled with increasing ease of geographical mobility of production opened up new opportunities for the profitable employment of surplus capital. But in short order this exacerbated the problem of surplus capital production world-wide. Nevertheless, unemployment surged and wage rates and working-class militancy were held in check. The debt overhang of the state opened up all manner of opportunities for speculative activity that, in turn, made state powers more vulnerable to financial influences. Finance capital, in short, moved centre-stage in this phase of US hegemony, and it was able to exercise a certain disciplinary power over both working-class movements and state actions, particularly whenever and wherever the state ran up significant debts.

This whole shift would not have had the effect it did had it not been for a battery of technological and organizational shifts that allowed manufacturing to become much more footloose and flexible. Reductions in the cost of transport, coupled with political shifts on the part of governments at all levels to offer a positive business climate and to cover some of the fixed costs of relocation, promoted the kind of geographical mobility of manufacturing capital that the increasingly hyper-mobile financial capital could feed upon. While the shift towards financial power brought great direct benefits to the United States, the effects upon its own industrial structure were nothing short of traumatic, if not catastrophic. Offshore production became possible and the search for profit made it probable. Wave after wave of deindustrialization hit industry after industry and region after region within the US, beginning with the low-value-added goods (such as textiles), but step by step ratcheting up the value-added

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scale through sectors such as steel and shipbuilding to high-tech imports, particularly from East and South-East Asia. Even Chrysler had to be bailed out (effectively nationalized for a short period) by the Federal Government to avoid closure. The US was complicit in undermining its dominance in manufacturing by unleashing the powers of finance throughout the globe. The benefit, however, was ever cheaper goods from elsewhere to fuel the endless consumerism to which the US was committed. US dependency on foreign trade was on the rise and the need to build and protect asymmetrical trade relations moved to the fore as a key objective of political power.

By 1980 or so it became clear that manufacturing in the United States was now but one complex among many operating in a highly competitive global environment, and that the only way it could survive was by achieving superiority (usually temporary) in productivity and in product design and development. It was, in short, no longer hegemonic. It needed help from government (such as the Plaza accord of 1985 in which government agreed to depreciate the dollar against the yen to make US manufacturing exports more competitive—a tactic that had to be reversed in the 1990s as Japanese manufacturing stagnated). Some special sectors—agribusiness and defence for example—were immune, but the rest were forced into radical adjustments in everything from techniques of production to labour relations. In those areas where US firms remained powerful, the turn to offshore production of components or even whole products placed more and more productive capacity outside the borders of the United States even though the repatriation of profits kept

wealth flowing towards it. In other areas, the monopoly privileges that attach to patented technologies and licensing laws gave welcome relief from the draining away of US dominance in production. The US was moving towards becoming a rentier economy in relation to the rest of the world and a service economy at home. But sufficient wealth accrued to continue the consumerism that had always been the basis of social peace.

Internationally, finance capital proved more and more volatile and predatory. Various bouts of devaluation and destruction of capital were visited (usually through the good graces of IMF structural adjustment programmes) as an antidote to the inability to keep capital accumulation going smoothly by expanded reproduction. In some instances, for example in Latin America in the 1980s, whole economies were raided and their assets recovered by US finance capital. In others, it was more simply an export of devaluation. The hedge funds' attack upon the Thai and Indonesian currencies in 1997, backed up by the savage deflationary policies demanded by the IMF, drove even viable concerns into bankruptcy throughout East and South-East Asia. Unemployment and impoverishment were the result for millions of people. That crisis also conveniently sparked a flight to the dollar, confirming Wall Street's dominance and generating an amazing boom in asset values for the affluent in the United States. Class struggles began to coalesce around issues such as IMF-imposed structural adjustment, the predatory activities of finance capital, and the loss of rights through privatization. The tone of anti-imperialism began to shift towards antagonism to the main agents of financialization—the IMF and the World Bank being frequently singled out.

Debt crises within particular countries (two-thirds of IMF members experienced a financial crisis after 1980, some more than twice) could be used, however, to reorganize the internal social relations of production in each country where they occurred in such a way as to favour the further penetration of external capitals.²¹ Domestic financial regimes, domestic product markets, and thriving domestic firms were, in this way, prised open for takeover by American, Japanese, or European companies. Low profits in the core regions could thereby be supplemented by taking a cut out of the higher profits being earned abroad. What I call 'accumulation by dispossession' (see Chapter 4), became a much more central feature within global capitalism (with privatization as one of its key elements). Resistance in this sphere, rather than through the labour struggles typically spawned by expanded reproduction, became more central within the anti-capitalist and anti-imperialist movement.

While centred on the Wall Street–Treasury complex, the system had many multilateral aspects. The financial centres of Tokyo, London, Frankfurt, and many other places took part in the action as financialization cast its net across the world, focusing on a hierarchically ordered set of financial centres and a transnational elite of bankers, stockbrokers, and financiers. This was associated with the emergence of transnational capitalist corporations which, though they may have had a basis in one or other nation-state, spread themselves across the map of the world in ways that were unthinkable in earlier phases of imperialism (the trusts and cartels that Lenin and Hilferding described were all tied very closely to particular nation-states). This was the world that the Clinton White House,

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with an all-powerful Treasury Secretary, Robert Rubin, drawn from the speculator side of Wall Street, sought to manage by a centralized multilateralism (epitomized by the so-called 'Washington Consensus' of the mid-1990s). The multilateralism was increasingly organized around a regionalization of the global economy with a triadic structure of North America (NAFTA), Europe (the EU), and the looser confederation of interests built around trading relations in East and South-East Asia dominating. With the neo-liberal ground rules of open financial markets and relatively free access being strengthened, there seemed little danger of these regional configurations lapsing back into the competitive autarky that had proven so destructive in the period before the Second World War and which had played such an important role in laying the basis for inter-capitalist war. Within this triadic structure, however, it seemed clear that the US still held the major cards by virtue of its huge consumer market, its overwhelming financial power, and its reserve of unchallenged military might.

And, to top it all, the end of the Cold War suddenly removed a long-standing threat to the terrain of global capital accumulation. The collective bourgeoisie had indeed inherited the earth. Fukuyama prophesied that the end of history was at hand. It seemed, for a brief moment, that Lenin was wrong and that Kautsky might be right—an ultra-imperialism based on a 'peaceful' collaboration between all the major capitalist powers (now symbolized by the grouping known as the G7, expanded to the G8 to incorporate Russia, albeit under the hegemony of US leadership) was possible—and that the cosmopolitan character of finance capital (symbolized by the meetings

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of the World Economic Forum in Davos) would be its founding ideology.²²

But it would be wrong to think of this financial power, awesome though it definitely was, as being omnipotent and able to impose its will without constraint. It is in the very nature of financialization to be perpetually vulnerable in relationship to the production of value in industrial and agricultural activity. In the midst of all the raiding and devaluation, there arose new and significant complexes of industrial production. In East and South-East Asia, for example, regional complexes such as the Pearl River delta (Guangdong) in China or politically orchestrated economies such as Singapore and Taiwan, not only proved adept at adapting to financial pressures but were even able to create an oppositional force to demonstrate the vulnerability of finance capital—now heavily concentrated in the United States as well as Europe and Japan—to the production of real values. The fact that many of these industrial production complexes were regionally concentrated within a state, or even, in some instances, between states, is of considerable interest, for reasons that we will address in Chapter 3. Subtle lines of counter-attack against the hegemony of the United States in the realm of finance were emerging in the interstices of the worlds of production. And the sign of that was the piling up of trade balance surpluses, particularly in East and South-East Asia. The recycling of these surpluses back into the financial system made it seem, however, as if Wall Street was still the operative centre of the financial universe. While there had been, therefore, phases (such as that of the 1980s) when the hegemony of the United States was being openly questioned both internally and externally, by the

end of the 1990s much of that doubt had dissipated. The security of the United States and its financial dominance in world affairs was assured. The boom in asset values within the United States and the rise of a 'new economy' built around supposedly strong productivity gains and a whole raft of dot.com companies kept the US economy growing rapidly enough to entrain the rest of the world into respectable rates of capital accumulation. Consumerism, the golden rule of internal peace within the United States, boomed to astonishing levels in the US as well as in the other centres of advanced capitalism.

This system has now run into serious difficulties. As in 1973-5, the causes are multiple, though this time the volatility and chaotic fragmentation of power conflicts within political-economic life make it hard to discern what is happening behind all the smoke and mirrors (particularly those of the financial sector). But in so far as the crisis of 1997-8 revealed that the main centre of surplus productive capacity lay in East and South-East Asia (and sought to visit devaluation singularly upon that region), the rapid recovery of some parts of East and South-East Asian capitalism (South Korea in particular) has forced the general problem of excess capacity (overaccumulation) back to the forefront of global affairs. The collapse of the much-celebrated 'new economy' in a rubble of failed dot.com companies in the United States, followed by accounting scandals that dramatically revealed that 'fictitious' capital could all too easily remain unredeemable, not only undermined the credibility of Wall Street but brought into question the relationship between finance capital and production. The threat of massive devaluation of capital loomed and, with the fall of asset values, there

were tangible signs of that threat already being realized (most dramatically with respect to pension funds, which found it increasingly difficult to meet their obligations).

Either new arenas of profitable capital accumulation (such as China) must be opened up, or, failing that, there will have to be a new round of devaluation of capital. The question becomes: who will bear the brunt of a new round of that devaluation? Where will the axe fall? The trend towards 'regionalization' within the global economy then appears more worrying. Echoes of the geopolitical competition that became so destructive in the 1930s begin to be heard. US abandonment of the spirit if not the letter of the WTO rules against protectionism by the imposition of tariffs on steel imports in 2002 was a particularly ominous sign. The bursting of the speculative bubble revealed the vulnerability of the United States to devaluation. The gathering recession, evident early in 2001, after a decade or more of spectacular (even if 'irrational') exuberance and avid consumerism, gave further evidence of that vulnerability well before the jolt to the system administered by the events of 9/11. Was the golden rule of the incessant upward march of consumerism within the United States about to be broken?

A major faultline of instability lies in the rapid deterioration in the balance of payments situation of the United States. 'The same exploding imports that drove the world economy' during the 1990s, writes Brenner, 'brought US trade and current account deficits to record levels, leading to the historically unprecedented growth of liabilities to overseas owners' and 'the historically unprecedented vulnerability of the US economy to the flight of capital and a collapse of the dollar'.²³ But this vulnerability exists on

both sides. If the US market collapses then the economies that look to that market as a sink for their excess productive capacity will go down with it. The alacrity with which the central bankers of countries like China, Japan, and Taiwan lend to cover US deficits has a strong element of self-interest: they thereby fund the US consumerism that forms the market for their products. They may now even find themselves funding the US war effort.

But the hegemony and dominance of the United States is, once more, under threat, and this time the danger seems more acute. Its roots lie in the unbalanced reliance upon finance capital as a means to assert hegemony. Historically, Arrighi (following Braudel) points out, financial expansions indicate 'not just the maturity of a particular stage of development of the capitalist world-economy, but also the beginning of a new stage'.²⁴ If financialization is a likely prelude to a transfer of dominant power from one hegemon to another (as has historically been the case) then the US turn towards financialization in the 1970s would appear to have been a peculiarly self-destructive move. The deficits (both internal and external) cannot continue to spiral out of control indefinitely, and the ability and willingness of others (primarily in Asia) to fund them is not inexhaustible. The sheer volume of support to the US is astonishing, rising to \$2.3 billion a day at the beginning of 2003. Any other country in the world that exhibited such a macro-economic condition would by now have been subjected to ruthless austerity and structural adjustment procedures by the IMF. But the IMF is the United States. As Gowan remarks: 'Washington's capacity to manipulate the dollar price and to exploit Wall Street's international

financial dominance enabled the US authorities to avoid doing what other states have had to do: watch the balance of payments; adjust the domestic economy to ensure high levels of domestic savings and investment; watch levels of public and private indebtedness; ensure an effective domestic system of financial intermediation to ensure the strong development of the domestic productive sector.' The US economy has had 'an escape route from all these tasks' and 'by all normal yardsticks of capitalist national accounting' has become 'deeply distorted and unstable' as a result.²⁵

The power of the Wall Street-Treasury-IMF complex is both symbiotic with and parasitic upon a coercively imposed financial system built around the so-called Washington consensus and later elaborated through the construction of new international financial architecture. This, writes Soederberg, is clearly 'an annex of the US state', even though it also serves the interests of the 'transnational bourgeoisie as a whole'.²⁶ But the disciplining, even destruction, of the 'developmental' states centred in East and South-East Asia makes it tempting to bolt the system, much as Malaysia did when it suddenly, and quite successfully, abandoned the neo-liberal rules, refused the discipline of the IMF, and imposed capital controls of the sort that had not been seen since the 1960s. It is not clear how far this can go before regional alliances form and opt out, thus driving a stake through the heart of the Washington consensus and undermining the structure of the new financial architecture that has so far been so advantageous to the United States. Nor is it clear, as the tariff on steel imports shows, that the US will follow the rules. On this point it is worth recalling that the US

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Senate ratification of the WTO agreement carried with it the proviso that the US could ignore and refuse any WTO ruling that it considered to be fundamentally unfair to US interests (a familiar stance in which the US assumes it has the right to be both judge and jury).

To cap it all, resistance towards and resentment of the powers of the Wall Street-Treasury-IMF complex are everywhere in evidence. A world-wide anti-globalization movement (quite different in form from the class struggles embedded in the processes of expanded reproduction) is morphing into an alternative globalization movement with a lot of grassroots support. Populist movements against US hegemony by formerly pliant subordinate powers, particularly in Asia (South Korea is a case in point) but also now in Latin America, threaten to transform grassroots resistance into a series of state-led if not intensely nationalist resistances to US hegemony. It is under these conditions that anti-imperialism begins to take on a different coloration which, in turn, helps define more clearly within the United States what its own imperialist project might have to be if it is to preserve its hegemonic position. If hegemony weakens, then the danger exists of a turn to far more coercive tactics of the sort we are now witnessing in Iraq.

Options

The options for the United States are limited. While Arrighi and his colleagues do not envisage any serious external challenge, they do worryingly conclude that the US

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has even greater capabilities than Britain did a century ago to convert its declining hegemony into exploitative domination. If the system eventually breaks down, it will be primarily because of US resistance to adjustment and accommodation. And conversely, US adjustment and accommodation to the rising economic power of the East Asian region is an essential condition for a non-catastrophic transition to a new world order.²⁷

The Bush administration's shift towards unilateralism, towards coercion rather than consent, towards a much more overtly imperial vision, and towards reliance upon its unchallengeable military power, indicates a high-risk approach to sustaining US domination, almost certainly through military command over global oil resources. Since this is occurring in the midst of several signs of loss of dominance in the realms of production and now (though as yet less clearly) finance, the temptation to go for exploitative domination is strong. Whether or not this will lead later to a catastrophic break-up of the system (perhaps by a return to Lenin's scenario of violent competition between capitalist power blocs) is hard even to imagine let alone predict.

The US could, however, downgrade if not turn away from its imperialist trajectory by engaging in a massive redistribution of wealth within its borders and a redirection of capital flows into the production and renewal of physical and social infrastructures (dramatic improvements in public education and repair of patently failing infrastructures would be a good place to start). An industrial strategy to revitalize its still substantial manufacturing sector would also help. If it is to go very far, this strategy would also entail an internal reorganization of class power relations and transformative measures

affecting social relations of a sort that the United States has refused systematically to contemplate ever since the Civil War. State-subsidized private consumerism would have to be replaced by projects oriented towards public well-being. But this would require even more deficit financing and/or higher taxation as well as heavy state direction, and this is precisely what the dominant class forces within the US adamantly refuse even to contemplate; any politician who proposes such a package will almost certainly be howled down by the capitalist press and their ideologists, and just as certainly lose any election in the face of overwhelming money power. Yet, ironically, a massive counter-attack within the US as well as within other core countries of capitalism (particularly in Europe) against the politics of neo-liberalism and the cutting of state and social expenditures might be one of the only ways to protect capitalism internally from its self-destructive and crisis-prone tendencies in the present conjuncture. A new 'new deal' is the very minimum, but it is by no means sure that this would really work in the face of the overwhelming excess capacity within the global system. It is salutary to remember the lessons of the 1930s: there is very little evidence that Roosevelt's 'New Deal' solved the problem of the Depression. It took the travails of war between capitalist states to bring territorial strategies back into line so as to put the economy back on a stable path of continuous and widespread capital accumulation.

Even more suicidal politically within the US would be to try to enforce by self-discipline the kind of austerity programme that the IMF typically visits on others. Any attempt by external powers to do so (by capital flight and

collapse of the dollar, for example) would surely elicit a savage US political, economic, and even military response. It is hard to imagine that the US would peacefully accept and adapt to the phenomenal growth of East Asia and recognize, as Arrighi suggests it should, that we are in the midst of a major transition towards Asia as the hegemonic centre of global power. It is unlikely that the US will go quietly and peacefully into that goodnight. It would, in any case, entail a radical reorientation—some signs of which (as we will see in Chapter 3) already exist—of East Asian capitalism from dependency on the US market to the cultivation of an internal market within Asia itself. The gradual withdrawal of funds from the US would have calamitous consequences. But ever-expanding indebtedness is a perilous way to keep consumerism alive within the US, let alone pay for a war. The lesson of the crisis of 1973–5 was that at some point the capitalistic logic will come home to roost and expose the impossibility of a strategy of guns and butter for evermore.

It is in this context that we see the Bush administration looking to flex military muscle as the only clear absolute power it has left. The open talk of empire as a political option presumably seeks to hide the exaction of tribute from the rest of the world under a rhetoric of delivering peace and freedom for all. Control over oil supplies provides a convenient means to counter any power shifts—both economic and military—threatened within the global economy. The current situation reeks of a rerun of what happened in 1973, since Europe and Japan, as well as East and South-East Asia (now crucially including China), are even more heavily dependent on Gulf oil than is the United States. If the US successfully engineers the

overthrow of both Chavez and Saddam, if it can stabilize or reform an armed-to-the-teeth Saudi regime that is currently based on the shifting sands of authoritarian rule (and in imminent danger of falling into the hands of radicalized Islam), if it can move on (as seems possible) from Iraq to Iran and consolidate its position in Turkey and Uzbekistan as a strategic presence in relation to Caspian Basin oil reserves (which the Chinese are desperately trying to buy into), then the US, through firm control of the global oil spigot, might hope to keep effective control over the global economy and secure its own dominance for the next fifty years. But much also depends, as Friedman noted in the passages cited in the Introduction, upon whether the US can persuade the world that it is acting in a leadership role, concerned to develop collective power by acting as guarantor of global oil supplies to all, or whether it is acting out of narrow self-interest to secure its own position at the expense of others. Is it, in short, resorting to domination through coercion or exercising leadership through hegemony? The most likely tactic is to try to mask the latter in a veneer of the former. But the failure to garner full international support for the invasion of Iraq suggests that much of the world is suspicious of US motivations.

The dangers of this strategy in the Gulf region are immense. Resistance will be formidable, not least from Europe and Asia, with Russia and China not far behind. The reluctance to sanction the US military invasion of Iraq in the UN, particularly by France, Russia, and China (who gained access to Iraqi oil exploitation during the 1990s), illustrates the point. And the internal dynamics of anti-American struggles in the Gulf region are as unpre-

dictable as they are complex. The potentiality for destabilization of the whole region stretching from Pakistan to Egypt is considerable. The hubristic view that the whole structure of political power and territorial organization in the region—so arbitrarily created by the British and French as a side-bar to the Versailles agreements—can be remade and stabilized under the leadership of the US and its allies, is simply too far-fetched to contemplate (though there are strategists within the US government who seem to believe this is possible).

It is here, however, that the US is in the position to play its strongest card—military dominance—and to do so coercively if necessary. We know full well, from the defence planning documents issued over the last decade or so, what the political strategy is in this realm. It is to maintain military primacy at all costs and to discourage and resist the emergence of any rival superpower. The spread of weapons of mass destruction of any kind will be prevented, and the US should be prepared to use preemptive force if necessary to achieve that goal. During the Clinton years this was translated into an active capacity to fight two regional wars at the same time (and the examples chosen for planning purposes in 1995 were, interestingly, Iraq and North Korea). But the Cheney–Wolfowitz doctrine, first laid out in the last years of the former Bush administration and consolidated in the *Project for the New American Century* (which, interestingly, repeats Luce's move to disguise the territoriality of empire in the conceptual fog of a 'century') went further still. Fixed alliances (like NATO) are to be abandoned (they are too constraining) and ad hoc coalitions should be built on a case-by-case basis. In this way the US would no longer be

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bound by the views of its allies. The US reserves the right to go it alone if necessary with overwhelming military firepower. It overtly claims the right of pre-emptive strike to head off nuclear, biological, or chemical attacks, to protect access to key strategic raw materials (such as oil), and protect against terrorist attacks or other threats (such as economic strangulation). What is so interesting about these defence strategy documents from 1991–2 is how closely their prescriptions are now being followed. Armstrong, after a close study of these documents concludes:

The Plan is for the United States to rule the world. The overt theme is unilateralism, but it is ultimately a story of domination. It calls for the United States to maintain its overwhelming military superiority and prevent new rivals from rising up to challenge it on the world stage. It calls for dominion over friends and enemies alike. It says not that the United States must be more powerful, or most powerful, but that it must be absolutely powerful.²⁸

The irony in all this, as Armstrong goes on to note, is that, having helped bring down the Soviet Union, the US is now pursuing the very politics for which that 'evil empire' was condemned and opposed. The US ought, as Colin Powell graphically puts it, 'to be the bully on the block'. The rest of the world would happily accept this, he went on to assert confidently, because the US 'can be trusted not to abuse that power'.

There is, in this, another possible irony: if the Soviet empire was really brought down by excessive strain on its economy through the arms race, then will the US, in its blind pursuit of military dominance, undermine the

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economic foundations of its own power? Regional military commitments are enormous and growing. The US was already spending \$4–5 billion a year on patrolling the Gulf region before the military build-up began. Already the Bush administration has requested nearly \$75 billion for the war, and that is only until September 2003. The total cost is unlikely to be less than \$200 billion, according to plausible estimates, and this presumes no unintended disaster, such as regional break-up and extensive civil war. And the US plans 'normal' spending on its military that is equal to that of the rest of the world. The danger of over-reach is serious, particularly since federal budget deficits loom larger and larger in the fiscal landscape and budget crises at the state and local levels are already biting hard into levels of public service provision. It will then be doubtful if the golden rule that has prevailed since Roosevelt—that expenditures on imperial purposes abroad should not interfere with the endless spiral of consumerism at home—can be maintained. The US will not merely have to sacrifice precious blood for oil and the maintenance of an ailing hegemony; it may have to sacrifice its whole way of life too. The capitalistic logic of power will tear the territorial logic that is now being pursued to shreds.

Regional and Counter Hegemons

The triadic regional structure within the global economy, with North America supposedly at the apex, is not necessarily a stable configuration. The formal arrangements set up within the European Union appear to offer the

possibility of an integrated European economy at least as large and as powerful as that of the United States. At the very least this presages the formation of a regional hegemon and perhaps the emergence of a real competitor with the United States.²⁹ The capitalist logic within the EU, though by no means spectacular, seems to be working well enough. Interlinkages and networked relations within the economy are both proliferating and consolidating across the European space. The transition to a single currency was achieved relatively painlessly, and the potential for the euro to challenge the dollar as the reserve currency of choice, though muted, is nevertheless real (Saddam's proposal to denominate his oil sales in euros rather than dollars may well be another significant reason for the US to insist upon regime change rather than disarmament in Iraq). But the EU is politically fragmented and its overall territorial logic remains indeterminate. The US has all manner of levers to divide and rule and thereby frustrate the emergence of any clear territorial logic at the European level. It seeks to prevent the emergence of a 'fortress Europe' by a double strategy of (a) insisting upon the rules of neo-liberalism as the basis for exchange relations and capital flows (hence the importance of the WTO) and (b) keeping certain political and military levers in place whereby it can influence internal politics of the EU. This entails engaging with individual European states on a bilateral basis rather than with Europe as a whole, and cultivating special alliances (e.g. with Britain, Spain, and Italy as well as with the tier of eastern bloc countries, with Poland at the centre, that are poised for admission). Though the US itself now proposes to abandon fixed alliances, it still hangs on to

NATO in spite of its general irrelevance given the end of the Cold War, in part because it keeps European military planning and development under US command. The US supports, for example, the idea that Europe should develop its own military rapid-response force but only on the condition that it remain under NATO command. The fact that NATO does not correspond to the EU is, for the US, a distinct advantage since it makes it even more difficult to render the territorial logic into a coherent political and military force.

Divisions within the EU, mainly between pro-American countries and those seeking to assert an independent politics, are at this point too severe to imagine a common foreign and military strategy. It is unlikely that the EU will produce a coherent basis for its own 'territorial logic of power' to be projected upon the world in the very near future. But things on that front can change quickly, particularly if the US administration continues to approach European opinion with such a withering mix of contempt and callous disregard. The EU certainly constitutes a regional hegemon, but its potentiality to rival the US is currently confined to the spheres of production and finance.

At this point in time, the challenge to US dominance posed by East and South-East Asia seems far more serious. Financial and productive power have continued to accumulate in the region, draining power away from North America as well as, to a lesser degree, from Europe. Unlike Europe, the region shows little sign of any attempt to create a formal structure of political-military power, and the relationships between states are networked rather than formal, capitalistic rather than territorial. The United States in any case currently exercises a level of

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political and military control over the governments of Japan, Taiwan, and, until very recently, South Korea which would make any independent political moves by these countries difficult. While it seems unlikely, therefore, that any coherent territorial logic of power will develop in the region, the power of the capitalistic logic looks more and more overwhelming and prospectively hegemonic in the global economy, particularly as the huge weight of China and, to a lesser degree, India increasingly enter into the balance. We will take up the economic consequences of these shifts in Chapter 3, but a political and military question does arise, because China is not dominated by the United States in the same way as Japan and has the capacity and, at times it seems, the willingness to take on a territorial leadership role within the region as a whole. The political and military containment of China would be just as essential to the maintenance of US global hegemony as would be a politics of divide and rule for Europe. And in this, as I observed in Chapter 1, the control over Middle Eastern oil reserves would serve US interests very well if it ever felt it necessary to rein in Chinese geopolitical ambitions. In all of this, however, there is a delicate balance between keeping the world open enough to allow the capitalistic logic to unfold relatively free of constraints and keeping territorial logics stable and confined enough to prevent the rise of any grand challenge to US military and political dominance.

But these are not the only configurations of territorial power that can be imagined. While the relative fixity of territorial arrangements militates against fluidity, rapid shifts in the nature of alliances can and do occur. When, for example, US policy towards Iraq created a bond of

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resistance early in 2003 between France, Germany, and Russia, even backed by China, it became possible to discern the faint outlines of a Eurasian power bloc that Halford Mackinder long ago predicted could easily dominate the world geopolitically. That the US had long been nervous of such a power bloc was evident in the way it responded strongly to de Gaulle's overtures to the Soviet Union in the 1960s and to Willy Brandt's 'Ostpolitik' of the 1970s. That the US still has much to fear from such an alignment was forcibly expressed by Henry Kissinger when he remarked that this new alignment presaged a return to a balance of power politics typical of the nineteenth century, ruefully adding that in this case 'it is not evident that the US will lose', thus admitting the very real possibility that it might.³⁰ The fact that the Bush administration could bring about such a fearsome counter-alliance in the space of less than a year illustrates how fast geopolitical realignments can occur and how easily catastrophic mistakes can unravel years of careful cultivation of diplomatic and military protections. The US invasion of Iraq then takes on an even broader meaning. Not only does it constitute an attempt to control the global oil spigot and hence the global economy through domination over the Middle East. It also constitutes a powerful US military bridgehead on the Eurasian land mass which, when taken together with its gathering alliances from Poland down through the Balkans, yields it a powerful geostrategic position in Eurasia with at least the potentiality to disrupt any consolidation of a Eurasian power that could indeed be the next step in that endless accumulation of political power that must always accompany the equally endless accumulation of capital.

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The end of the Cold War clearly implied that big changes were on the way. The territorial logics of power are in the course of mutation, but the outcomes are by no means certain. It is now also evident that the territorial and the capitalistic logics exist in a state of high tension. Under Bush, the US territorial logic has been made clear, which is why all the current talk of empire and the new imperialism is so US-centred. But the balance of forces at work within the capitalistic logic point in rather different directions. How this will all turn out depends mightily, therefore, upon a better understanding of how the capitalistic logic of power is working. It is this question that will be taken up in Chapter 3.

3

Capital Bondage

The survival of capitalism for so long in the face of multiple crises and reorganizations accompanied by dire predictions, from both the left and the right, of its imminent demise, is a mystery that requires illumination. Lefebvre, for one, thought he had found the key in his celebrated comment that capitalism survives through the production of space, but he unfortunately failed to explain exactly how or why this might be the case.¹ Certainly both Lenin and Luxemburg, though for quite different reasons and utilizing quite different forms of argument, considered that imperialism—a certain form of production and utilization of the global space—was the answer to the riddle, though in both cases this solution was finite and therefore replete with its own terminal contradictions.

It was in this context that, in a series of publications beginning more than twenty years ago, I proposed a theory of a 'spatial fix' (more accurately a spatio-temporal fix) to the crisis-prone inner contradictions of capital accumulation.² The central point of this argument concerned a chronic tendency within capitalism, theoretically derived out of a reformulation of Marx's theory of